Manitoba Finance

Annual Report
2006 - 2007

Manitoba

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Manitoba

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

His Honour the Honourable John Harvard, P.C., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba
R3C 0V8

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Manitoba Finance for the year ended March 31, 2007.

Respectfully submitted,

Honourable Greg Selinger
Minister of Finance

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

Son Honneur l'honorable John Harvard, C.P., O.M.
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C 0V8

Monsieur le Lieutenant-gouverneur,

J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel du ministère des Finances pour l'année financière terminée le 31 mars 2007.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

Greg Selinger

Manitoba

Deputy Minister of Finance
Room 109, Legislative Building, Manitoba, Canada R3C 0V8
www.manitoba.ca

Honourable Greg Selinger
Minister of Finance
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Selinger:

I have the honour of presenting for your consideration, the Annual Report of Manitoba Finance for the fiscal year ended March 31, 2007.

Respectfully submitted,

Ewald Boschmann
Deputy Minister of Finance

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PREFACE/PRÉFACE

The overall responsibilities of the Minister and the department include:

preparing the annual Provincial Budget;

management and control of government expenditures and revenues and the evaluation of government programs;

providing policy direction on matters relating to financial management and administration and ensuring appropriate government-wide management practices and systems;

ensuring accountability for the delivery of government programs;

management and administration of the Consolidated Fund, which includes maintaining the provincial accounting and financial reporting systems, and the preparation of the annual Public Accounts and other reports which show the financial condition of the government;

managing daily cash requirements, the public debt, the investment of public money, and of loans and advances made, and guarantees given, by the government;

analysing and appraising the economic situation and prospects in Manitoba in co-operation with other ministries as appropriate;

advising on fiscal and other economic policies and measures including taxation;

advising on policies relating to Federal-Provincial fiscal and economic relations;

representing the province in negotiations and participating in meetings related to finance, taxation and economic development;

managing the province's financial assets and liabilities;

insuring government assets and managing risk; and

Les responsabilités globales du ministre et du ministère consistent à :

préparer le budget annuel provincial;

gérer et contrôler les dépenses et les recettes du gouvernement et évaluer les programmes gouvernementaux;

établir des directives en matière de gestion et d'administration financière et garantir des pratiques et des mécanismes de gestion appropriés pour l'ensemble du gouvernement;

garantir l'obligation de rendre compte en ce qui concerne la mise en œuvre des programmes gouvernementaux;

gérer et administrer le Trésor, ce qui signifie notamment : maintenir les systèmes de comptabilité et de rapport de la province, préparer les comptes publics annuels et les autres rapports qui montrent la situation financière du gouvernement;

gérer les besoins quotidiens de trésorerie, la dette publique, l'investissement de l'argent public, ainsi que les prêts, les avances et les garanties offerts par le gouvernement;

analyser et évaluer la situation économique et les perspectives du Manitoba en collaboration avec les autres ministères, lorsqu'il y a lieu;

donner des conseils sur les politiques et mesures fiscales et économiques, y compris les taxes;

donner des conseils sur les politiques concernant les relations fiscales et économiques entre le fédéral et la province;

représenter la province lors des négociations et participer aux réunions portant sur les finances, les taxes et le développement économique;

gérer l'actif et le passif de la province;

garantir l'actif du gouvernement et gérer les risques;

fostering business and consumer confidence in the marketplace and administering a regulatory framework that contributes to a competitive Manitoba economy.

Through its efforts, the department manages strategic, financial and operational risks at a corporate level so that the value government obtains for money expended, and for revenues owing and received, is optimized.

The departmental organization structure appears in the chart on page 16. The department is comprised of six operating divisions, as well as the Francophone Affairs Secretariat and the Treasury Board Secretariat.

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. The Executive Support area of the division includes the Deputy Minister of Finance and provides advice to the Minister on all policy and program matters related to the department. Executive Support also co-ordinates and administers the activities of the department to meet the policy objectives of government.

The division also co-ordinates the department's financial, administrative and human resource functions and includes the Tax Appeal Commission, Independent Administrator and the Insurance and Risk Management Branch. The Insurance and Risk Management Branch provides centralized insurance and risk management services to government departments and agencies, including most Crown corporations.

The Francophone Affairs Secretariat advises the government, and in particular the Minister responsible for French Language Services (FLS), on the development of government services in the French language, and on matters relating to the FLS policy in general.

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division also assists in the financing of municipalities, schools and hospitals and ensures that such financing is arranged.

favoriser la confiance des entreprises et des consommateurs envers le marché et administrer un cadre législatif qui contribue à la compétitivité de l'économie manitobaine.

Grâce à ses efforts, le ministère gère les risques stratégiques, financiers et d'exploitation au niveau de l'organisation, de façon à obtenir le meilleur rendement possible des dépenses effectuées par le gouvernement et des revenus qu'il possède et perçoit.

La structure de l'organisation du ministère est représentée dans un graphique en page 16. Le ministère est constitué de six divisions opérationnelles, auxquelles il faut ajouter le Secrétariat [illegible]affaires francophones et le Secrétariat du Conseil du [illegible]

La Division de l'administration et des finances s'occupe de la haute administration ainsi que de la planification et de la gestion des politiques et des programmes du ministère. Le cabinet du ministre et le bureau du sous-ministre conseillent le ministre sur toutes les politiques et tous les programmes liés au ministère. De plus, le cabinet du ministre et le bureau du sous-ministre coordonnent et administrent les activités mises en œuvre par le ministère afin d'atteindre les objectifs du gouvernement en matière de politiques.

La Division gère les ressources humaines du ministère et coordonne ses fonctions financières et administratives. Elle regroupe aussi la Commission d'appel des impôts et des taxes, l'administrateur indépendant ainsi que la Direction de l'assurance et de la gestion des risques. Cette dernière fournit des services centralisés d'assurance et de gestion des risques aux organismes et ministères gouvernementaux, y compris la plupart des sociétés de la Couronne.

Le Secrétariat aux affaires francophones conseille le gouvernement, en particulier le ministre responsable des services en langue française, au sujet de l'élaboration et de la mise en œuvre des services gouvernementaux en français, ainsi que sur toutes les questions liées à la politique des services en langue française en général.

La Division de la trésorerie gère et administre les ressources de trésorerie, les programmes d'emprunt, les investissements et le service de la dette du gouvernement. Elle gère et administre également les programmes d'emprunt et les investissements des sociétés de la Couronne et des organismes gouvernementaux. La Division de la trésorerie participe au financement des municipalités, des écoles et des hôpitaux, et elle s'assure que les modalités de ce financement sont déterminées.

The Comptroller Division is responsible for establishing and fostering a corporate comptrollership function across government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements.

The Taxation Division is responsible for efficiently and effectively administering the Provincial Taxation Acts and ensuring proper revenues are collected as provided in the Acts. This includes the administration, collection, processing and reporting of taxation revenues, as well as the provision of tax expertise to government, businesses collecting taxes and taxpayers. The division also investigates and audits taxpayers to ensure compliance.

The Federal-Provincial Relations and Research Division provides research and technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations. The division also administers fiscal arrangements and tax collection agreements with the federal government, administers tax credit programs with the federal government and municipalities, and provides government-wide analytical support to inter-departmental working groups.

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities and provides representation of government and department management in all labour relations and compensation activities within the civil service. The Secretariat is headed by a Deputy Minister who acts as Secretary to Treasury Board.

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, and maintains registries of vital events and of interests in land and personal property.

La Division du contrôleur est chargée d'établir et de développer une fonction de contrôle pour l'ensemble du gouvernement. Celle-ci inclut l'élaboration et la mise en œuvre de systèmes financiers et de gestion qui apportent un soutien en ce qui concerne la prise de décision aux niveaux législatif et gouvernemental, l'efficacité de la prestation des services et les exigences liées à l'obligation de rendre compte. La Division est chargée d'établir et de contrôler les systèmes de débours pour payer les employés et les autres prestataires des fonds gouvernementaux.

La Division des taxes est chargée de mettre en application de façon complète et efficace des lois provinciales sur les taxes et les impôts, et de faire en sorte que les recettes prévues soient perçues conformément aux dispositions des lois. Cela inclut l'administration, la perception, le traitement et la communication des recettes fiscales, ainsi que des conseils prodigués au gouvernement, aux entreprises qui perçoivent des taxes et aux contribuables. La Division effectue aussi des enquêtes et des vérifications auprès des contribuables pour s'assurer que les lois fiscales sont bien respectées.

La Division des relations fédérales-provinciales et de la recherche apporte une aide en terme de recherche, de technique et d'analyse sur les questions économiques et fiscales (tant nationales que provinciales) et sur les relations intergouvernementales de nature financière. La Division veille à l'application des arrangements fiscaux et des ententes de perception fiscale avec le gouvernement fédéral. Elle administre les programmes de crédits d'impôts avec le gouvernement fédéral et les municipalités. Elle aide aussi les groupes de travail interministériels dans le domaine de l'analyse, pour l'ensemble du gouvernement.

Le Secrétariat du Conseil du Trésor apporte au ministre des Finances et au Conseil du Trésor de l'aide et des conseils en matière de finances et d'analyse, leur permettant ainsi d'exercer leurs responsabilités dans la gestion des dépenses. Le Secrétariat agit en tant que représentant du gouvernement et du ministère dans toutes les relations de travail et toutes les activités de compensation au sein de la fonction publique. L'organisme est placé sous la responsabilité d'un sous-ministre qui agit à titre de secrétaire du Conseil du Trésor.

La Division de la consommation et des corporations facilite la résolution des conflits entre consommateurs et entreprises, ainsi qu'entre locataires et locateurs. La Division veille également à l'application des lois et des règlements qui touchent les aspects suivants: la constitution en corporation et l'enregistrement des entreprises; la délivrance de permis aux corporations de

registries of vital events and of interests in land and personal property.

The divisional text of this report is formatted along the same lines as the appropriation structure for the department that is used in the Estimates of Expenditure of the Province of Manitoba. This formatting will assist with cross-referencing the two documents. Exceptions to this format have been made for the Insurance and Risk Management branch, Net Tax Credit Payments and Public Debt. These areas have been included within the divisions responsible for their administration.

The department also encompasses the Vital Statistics Agency, Manitoba Securities Commission, The Property Registry and the Companies Office. These Special Operating Agencies prepare and present their own annual reports and are not included in this document.

caisses populaires; la délivrance de permis aux compagnies et aux particuliers qui vendent des valeurs mobilières, des biens immobiliers ou des contrats d'assurance, ou qui s'occupent de réunir des fonds. La Division maintient aussi des registres d'état civil et les registres des droits sur des biens réels et personnels.

La division du texte de ce rapport reflète la structure des crédits du ministère utilisée dans le Budget des dépenses du Manitoba. Ce formatage facilite la recherche croisée entre les deux documents. Seuls le paiement net des crédits d'impôt, la Direction de l'assurance et de la gestion des risques, et la dette publique sont formatés autrement. Ces secteurs ont été inclus à l'intérieur des divisions chargées de leur administration.

Le ministère englobe également le Bureau de l'état civil, la Commission des valeurs mobilières du Manitoba, l'Office d'enregistrement des titres et des instruments et l'Office des compagnies. Ces organismes de service spécial préparent et présentent leurs propres rapports annuels et ne sont pas compris dans le présent document.

STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Balanced Budget, Debt Repayment and Taxpayer Accountability Act	B 5
The Business Names Registration Act	B 110
The Business Practices Act	B120
The Title to Certain Lands Act (R.S.M. 1990, c. 259)	-
The Change of Name Act	C 50
The Charities Endorsement Act	C 60
The Commodity Futures Act	C 152
The Condominium Act	C 170
The Consumer Protection Act	C 200
The Cooperatives Act	C 223
The Corporations Act	C 225
The Corporation Capital Tax Act	C 226
The Credit Unions and Caisses Populaires Act	C 301
The Crocus Investment Fund Act (Section 11)	C 308
The Crown Corporations Public Review and Accountability Act	C 336
The Electronic Commerce and Information Act (Part 5)	E 55
The Embalmers and Funeral Directors Act	E 70
The Energy Rate Stabilization Act	E 115
The Manitoba Evidence Act (Parts II and III)	E 150
The Financial Administration Act	F 55
The Fire Insurance Reserve Fund Act	F 70
The Fiscal Stabilization Fund Act	F 85
The Gasoline Tax Act	G 40
The Health and Post Secondary Education Tax Levy Act	H 24
The Professional Home Economists Act	H 70
The Hospital Capital Financing Authority Act	H 125
The Housing and Renewal Corporation Act [clause 44(k)]	H 160
The Hudson's Bay Company Land Register Act	H 170
The Income Tax Act (except sections 11.8 to 11.12)	I 10
The Insurance Act	I 40
The Insurance Corporations Tax Act	I 50
The Manitoba Investment Pool Authority Act	I 100
The Labour-Sponsored Venture Capital Corporations Act (except Part 2 and sections 16 to 18 as they relate to Part 2)	L 12
The Landlord and Tenant Act	L 70
The Life Leases Act	L 130
The Marriage Act	M 50
The Manitoba Hydro Act	H 190
The Mining Claim Tax Act	M 165
The Mining Tax Act	M 195
The Mortgage Act (Part III)	M 200
The Mortgage Dealers Act	M 210
The Motive Fuel Tax Act	M 220
The Municipal Revenue (Grants and Taxation) Act (except Part 2)	M 265

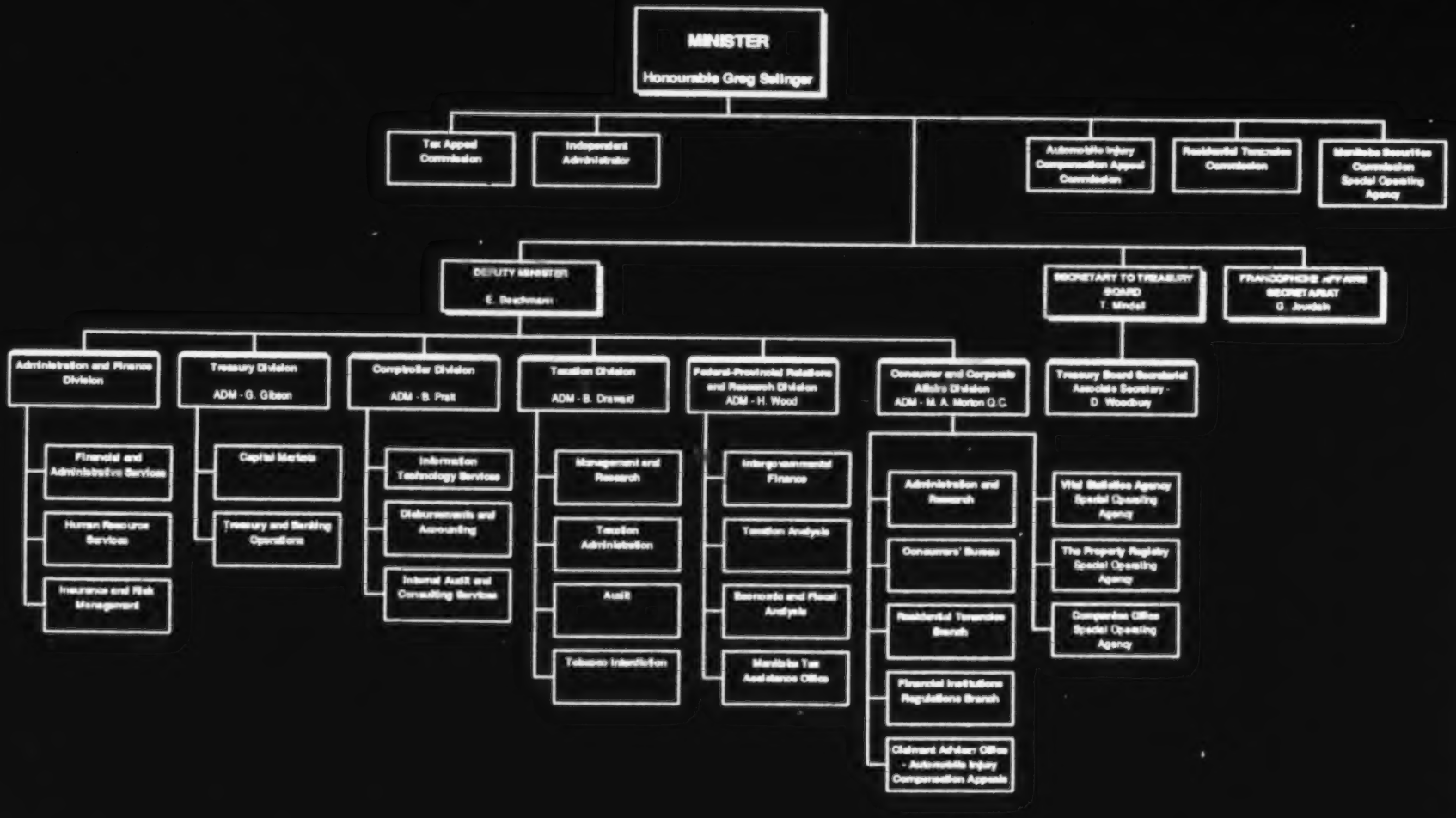
STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Pari-Mutuel Levy Act	P12
The Partnership Act	P 30
The Personal Investigations Act	P 34
The Personal Property Security Act	P 35
The Property Tax and Insulation Assistance Act (Parts I, III, IV and V.1, and section 1 and Part VI as they relate to subjects covered under Parts I, III, IV and V.1)	P 143
The Public Officers Act	P 230
The Public Sector Compensation Disclosure Act (S.M. 1996, c. 60)	P 265
The Real Estate Brokers Act	R 20
The Real Property Act	R 30
The Registry Act	R 50
The Religious Societies' Lands Act	R 70
The Residential Tenancies Act	R 119
The Retail Sales Tax Act	R 130
The Succession Duty Act (S.M. 1988-89, c. 42)	-
The Securities Act	S 50
The Special Survey Act	S 190
The Suitors' Moneys Act	S 220
The Surveys Act (Part I)	S 240
The Tax Administration and Miscellaneous Taxes Act	T2
The Tax Appeals Commission Act	T 3
The Tobacco Tax Act	T 80
The Trade Practices Inquiry Act	T 110
The Vital Statistics Act	V 60

and:

Bedding, Upholstered and Stuffed Articles Regulation (Manitoba Regulation 78/2004) under The Public Health Act

Manitoba Finance
Organization Chart



ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. It includes support services and centralized co-ordination of financial, administrative and human resource functions as well as the Tax Appeal Commission, Independent Administrator and the Insurance and Risk Management program.

Executive Support

The office of the Minister provides additional compensation to which individuals appointed to the Executive Council are entitled.

The Executive Support unit provides advice to the Minister on all policy and program matters related to the department, co-ordinates and administers the activities of the department to meet government policy objectives and provides administrative support for the Offices of the Minister and Deputy Minister.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over(Under) $(000s)	Expl. No.
Minister's Salary	30.3	1.00	30.4	(0.1)	
Total Sub-Appropriation	**30.3**	**1.00**	**30.4**	**(0.1)**	

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	430.8	7.00	457.5	(26.7)	
Other Expenditures	95.7		90.7	5.0	
Total Sub-Appropriation	**526.5**	**7.00**	**548.2**	**(21.7)**	

Financial and Administrative Services

The Financial and Administrative Services branch is responsible for ensuring appropriate management of and accountability for the department's resources. This encompasses the development and implementation of departmental financial and administrative policies, processes and practices; ensuring compliance with government legislation, policies and procedures; providing accounting and administrative services to the department; and providing analytical and consultative support services to the department's operating divisions.

Branch activities encompass planning, organizing and evaluating departmental accounting and financial management activities related to financial reporting, expenditure and revenue processing and appropriation control. Specific activities include co-ordinating and supporting the development of the department's annual estimates, quarterly financial forecasts and reports, requests for office accommodation, telecommunication services and government vehicles. The branch also co-ordinates the department's records management program and administers the department's parking program.

1 (c) Financial and Administrative Services

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	351.4	7.00	435.3	(83.9)	
Other Expenditures	48.5		75.9	(27.4)	1
Total Sub-Appropriation	**399.9**	**7.00**	**511.2**	**(111.3)**	

1. *Under expenditure is due to general operating cost reductions.*

Tax Appeals Commission

The *Tax Appeals Commission Act* provides for the appointment of one or more commissioners for the purpose of dealing with appeals filed by taxpayers who disagree with assessments issued by the Taxation Division. The commission's responsibilities were expanded July 1, 2005 to include appeals for all tax statutes administered by the Taxation Division. The Tax Appeals Commission provides taxpayers with an objective review of a taxpayer's appeal, independent of the taxation officials who issued the assessment.

The activity of the commission and results for 2006/2007 are as follows:

Outstanding appeals as at March 31, 2006	16
Appeals received in 2006/2007	19
	35
Disposition of Appeals in 2006/2007	
Partially Denied	4
Denied	10
Late - Not Accepted	1
	15
Outstanding appeals as at March 31, 2007	20

1 (d) Tax Appeals Commission

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Tax Appeals Commission	17.4		18.1	(0.7)	
Total Sub-Appropriation	17.4		18.1	(0.7)	

Human Resource Services

The branch provides human resource services to departmental management and staff of the Departments of Finance and its Special Operating Agencies (SOAs), Culture Heritage and Tourism, Science, Technology, Energy and Mines and the Office of the Auditor General in accordance with *The Civil Service Act*, Manitoba Government Employees' Union (MGEU) Master Agreement, Manitoba Labour Laws and Workplace Health and Safety Legislation. These services include staffing, employment equity, job analysis and classification, employee counselling, labour relations, and pay and benefits administration. These departments also share resources for the branch management, training and development, renewal planning, occupational health and safety, and diversity program development.

Specific activities of Human Resource Services during 2006/2007 that related to Manitoba Finance included:

Diversity

The branch continues to co-ordinate the implementation of government-wide policies and initiatives.

Four designated groups have been identified as under-represented and include women in non-traditional occupations, Aboriginal people, persons with disabilities and visible minorities. The long-range goal is to have the Manitoba Civil Service reflect the diversity of the population in all job classifications, taking into account relevant labour force data.

The Employment Equity Committee has developed a strategic plan to help the department meet these goals.

Employment Equity Statistics as at Fiscal Year End

	2003/2004 Actual (%)	2004/2005 Actual (%)	2005/2006 Actual (%)	2006/2007 Actual (%)
Aboriginal	3.5	5.3	6.6	8.0
Women	59.3	60.8	61.7	62.6
Persons with Disability	2.7	3.3	4.2	3.9
Visible Minority	5.4	6.7	7.6	7.6

Payroll and Benefits

During the course of the year, the branch maintained payroll records for 917 employees and board members. Maintained comprehensive attendance and payroll information on the corporate human resource/payroll system (SAP). Provided counselling and information on 76 appointments, 29 retirements, 3 death benefits, and 7 long term disability claims to employees and their family members.

Recruitment and Selection

68 competitions were held to fill 63 regular and 30 term vacancies. 30 positions were filled through various direct appointments.

Position Classification

Prepared detailed classification analysis on 46 reclassification requests under delegated and non-delegated authority.

Labour Relations

Consulted with departmental management/supervisory personnel, employees and the MGEU in the resolution of numerous labour relations' issues, which included the filing of 15 formal grievances.

Staff and Organizational Development

Staff Development: One hundred and fifty seven staff members attended learning events. Topics covered included diversity, learning plans, leadership, respectful workplace and various HR modules – staffing, classification, managing under the collective agreement, etc.

Organizational Development: The branch continued to provide consultation and facilitation in the areas of Renewal Planning, specifically Diversity Action Planning.

Occupational Health and Safety

One accident/injury claim was reported over this time period involving no days lost.

1 (f) Human Resource Services

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	570.7	9.00	547.8	22.9	
Other Expenditures	41.6		80.0	(38.4)	1
Total Sub-Appropriation	**612.3**	**9.00**	**627.8**	(15.5)	

1. *Under expenditure is due to cost recoveries from SOAs for human resource services provided and a rationalization of general operating expenditures.*

Independent Administrator

The Independent Administrator was created in 2006 under *The Labour-Sponsored Venture Capital Corporations* Act based on recommendations made by the Implementation Team that was established following the report of the Auditor General into the Crocus Investment Fund. The Independent Administrator reports to the Minister of Finance and monitors provincially registered labour-sponsored funds to ensure compliance with governing legislation.

1 (g) Independent Administrator

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Independent Administrator	13.7			13.7	1
Total Sub-Appropriation	13.7			13.7	

1. *Over expenditure is due to the establishment of the Independent Administrator in 2006/2007.*

Insurance and Risk Management

The Manitoba Comptrollership Framework defines risk management as "a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, communicating and acting on risk issues". The Insurance and Risk Management branch establishes central Risk Management Policy for the Government of Manitoba and provides Insurance and Risk Management services to Manitoba's departments and agencies, including some Crown corporations.

The branch assists departments and agencies in identifying and assessing the risks with programs and initiatives, and promotes the taking of reasonable risks. The branch establishes and maintains commercial and self-insurance programs, and reviews contracts for fair and effective risk transfer. The branch administers insurance claims and advises on insurance-related legislation.

During 2006/2007, branch personnel were also heavily involved in the process to develop a Business Continuity Plan for Manitoba Finance, in response to an initiative from Manitoba Emergency Measures Organization.

Risk Identification and Evaluation

Branch personnel assisted numerous departments and agencies conduct risk assessments of new or proposed programs. Loss control personnel from Manitoba's Insurance Consortium carried out site inspections during the 2006/2007 fiscal year, and reports were provided to facility management.

Risk Transfer

The Insurance and Risk Management branch reviewed contracts for insurance, bonding and indemnity provisions, working with client departments and agencies and Civil Legal Services to promote appropriate transfer of risk in government contracts. The branch assisted departments and agencies in obtaining appropriate "Proof of Insurance" from third party contractors and vendors, and provided Certificates of Insurance and letters evidencing the government's intent to self-insure to third parties on behalf of Manitoba departments and agencies.

Risk Financing

The Insurance and Risk Management Branch administers insurance purchasing on behalf of government departments and Agencies. The branch also conducts insurance surveys and examines alternative risk financing options on behalf of departments and Agencies.

Costs for Manitoba's property and casualty insurance for 2006/2007 were lower than costs in 2005/2006, while insurance policy terms and conditions were stable. Aircraft insurance costs decreased 7%, property insurance costs decreased by 3%, despite increased values while liability costs remained the same, while general liability limits increased from $32 million to $52 million.

Commercial insurance premiums (including brokerage fees) paid during the 2006/2007 fiscal year were $2.23 million for departments and $2.42 million for agencies. This represented an overall increase of 0.4% compared to the previous year.

Agencies Self-Insurance Fund

During the 2006/2007 fiscal year, the Agency Self Insurance Fund collected $5.1 million in premiums from agencies, a decrease of 9% from the previous year. Claim payments from the fund were approximately $2.0 million during the same period. Estimated total claim costs for newly reported claims were $2.6 million for property and $0.3 million for liability. Taking deductibles and commercial insurance payments into account, reserves for expected payments were $1.1 million for claims incurred during 2006/2007.

Claims Administration

Agency Property Claims

In the 2006/2007 fiscal year, there were 279 incidents involving damage to agency property at an estimated cost of $2,530,420. This involved a 30.9% decrease in the number of reported incidents while the quantum of reported damage decreased by 41.1%. This year there were only three large losses - $100,000, $130,000 and $165,600 respectively confirming severity was down. Recovery was received for $250,000 for a subrogation apartment fire claim that was in litigation since 2004. Continued escalating building and transportation costs, particularly in rural areas, have resulted in increased claims costs.

Agency Liability Claims

During this same period, 270 new liability incidents were reported with initial reserves totalling $343,924. This represents an increase of 16.7% in the frequency of reported incidents, and a decrease of approximately 74.6% in the total reserves compared to 2005/2006 reserves of $1,351,418. As noted, a severe injury claim had significantly impacted the overall reserve in 2005/2006.

Agency Adjusting Costs

Adjusting costs of $131,496 for agency claims reflect an increase of 0.2% compared to 2005/2006. Utilizing the services of the Department Claims Manager at a reduced rate, and limiting adjuster involvement where practicable continues to contribute to savings of adjusting costs. The adjuster rate schedule remained unchanged.

Department Property Claims

In the 2006/2007 fiscal year, 199 incidents involving damage to government department property, at an estimated cost of is $1,034,045 were reported. Compared to the previous fiscal year, these numbers decreased slightly in claim potential for the reported incidents by 19.4% from the previous year and 9.0% less than the three-year average from previous years' incidents. Various sizes of property losses were closed this year, most were under $1,000.00 however some were valued between $10,000.00 and $100,000. There were also several successful recoveries from responsible parties and from insurers to reduce overall significant financial involvement.

Department Liability Claims

During this same period, 386 new liability incidents were reported with initial reserves and current payouts totalling $271,121.00 representing a 27% increase in the number of reported incidents, a 10.4% decrease of the total liability reserves over the previous year and 25.6% decrease over the three-year average. The

increase in incidents being reported is again due to the actions of several departments adopting new Risk Management strategies which involve reporting all incidents as they occur. A majority of the incidents do not result in claims being made against the government and therefore, the total liability reserve amounts are dropping in relation to the types of claims/incidents reported. Claims reserves are being tracked more accurately.

The branch was able to close 251 new and old liability claims this year (an increase of 4.1% from 2005/2006). These also included several outstanding incidents in the courts that had a potential for larger settlements. Payouts by the departments totalled $1,411,680.00 and were considerably reduced by contributions of $1,036,029.00 from Insurers and other recovery sources.

Department Adjusting Costs

Adjusting costs charged to handle department claims increased significantly by 43.4% to $16,074 in the 2006/2007 fiscal year, up from $9,089 in the previous fiscal year. This increase resulted from the additional investigation work required for several potentially large liability claims affecting certain departments. However, this increase is still 42% lower than the three-year average and results from a more departmental hands-on approach to assessing and investigating small claims with the use of internal field personnel and the technologies available to them.

The number of liability claims closed during 2006/2007 increased slightly to 251 from 241 in the previous fiscal year and the number of property claims closed during the 2006/2007 fiscal year increased to 126 from 84 in the year previous.

The Manager of Department Claims continues to work closely with all departments to increase awareness in Risk Management and report all incidents with more frequency so they can be properly handled and investigated as required. This is again visible in the increasing number of incidents reported but not a significant increase in adjusting fees and expenses associated with a greater claims volume since the overall claims payments and reserves are down from last year.

Intentional Damage Compensation Plan

Branch personnel monitor the administration of the Foster Parents Intentional Damage Compensation Plan for Manitoba Family Services and Housing.

A total of 123 claims were reported in 2006/2007 and settlement payouts incurred totalled $105,466.14 plus administrative costs of $18,126.80. The average claim was $857.45 and the average fee was $147.37. This represents a slight increase in claims frequency (5%) and an overall decrease in claim severity (30%) and settlement costs. This is also reflected in a decrease in adjusting and administration costs (26.5%) due to the reduced claim severity. It was noted that there were a few more difficult incidents which required more time and expense to handle to a conclusion in the past fiscal year, however these were adjusted outside of the program as they were not deemed to fall under the Compensation Plan guidelines.

6 Insurance and Risk Management

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	353.9	5.20	350.2	3.7	
Other Expenditures	51.3		61.0	(9.7)	
Insurance Premiums	2,129.1		3,711.0	(1,581.9)	1
Less: Recoverable from Other Appropriations	(2,129.1)		(3,711.0)	1,581.9	1
Total Sub-Appropriation	405.2	5.20	411.2	(6.0)	

1. *Under expenditure is due to elimination of the offsetting provisions related to the Self-Insurance Fund and decrease in insurance premiums.*

Francophone Affairs Secretariat

The Francophone Affairs Secretariat advises the Government of Manitoba, and the Minister responsible for French Language Services (FLS) in particular, on the development of government services in the French language and on matters relating to the FLS policy in general.

The Secretariat guides, monitors, seeks and facilitates the implementation of the Government of Manitoba's FLS policy in a manner consistent with the concept of *active offer* and makes recommendations to that effect. The Secretariat's mandate applies to all administrative bodies covered by the FLS policy.

The Secretariat provides assistance and direction to the administrative bodies covered by the Government of Manitoba's FLS policy and serves as a liaison between the government and Francophone organizations in the province.

During 2006/2007, the Francophone Affairs Secretariat and its team of facilitators:

- Celebrated the 25th Anniversary of the French Language Services Secretariat with a change in name to *Francophone Affairs Secretariat* to reflect more closely the wide range of francophone-related activities with which the Secretariat is involved.
- Co-ordinated, for Manitoba, the inclusion of projects to be funded in 2006/2007 under the Canada-Manitoba Agreement on French Language Services, a cost-sharing agreement whereby Manitoba's $1.3 Million contribution is matched by the federal government.
- Co-ordinated, for Manitoba, the inclusion of projects to be funded in 2006/2007 under the Agreement for Co-operation and Exchange Between the Governments of Québec and Manitoba and under the FLS component of the Memorandum of Understanding on Interprovincial Co Operation Between the Governments of Manitoba and New-Brunswick.
- Promoted the services offered in the Bilingual Service Centres (BSCs), organized outreach activities in the different communities, and re-designed the BSC Web site.
- Negotiated with Family Services and Housing and the Winnipeg Regional Health Authority to increase the number of services offered in the St. Boniface BSC. Important increases were made in immigration settlement services offered by the *Accueil francophone*.
- Continued the planning process for the establishment of the next three BSCs in St. Laurent, Ste. Anne and St. Vital.
- Participated in the advisory committee that deals with matters relating to the delivery of RCMP services in both official languages and contributed to the establishment of a community office for the RCMP in St. Laurent.
- Provided guidance and assistance to administrative bodies and pursued the review and/or development of FLS plans.
- Dissolved the Advisory Committee on French Language Social Services, formally integrating it into the structures of *the Conseil communauté en santé* (CCS), the official representative of the Francophone community in the areas of health and social services. Continued to act as a resource for the CCS Board.
- Chaired or provided logistical support for advisory committees/working groups on FLS in the areas of justice, tourism, and economic development.
- With the Minister responsible for FLS, participated in the XIth *Sommet de la francophonie* [Francophone Summit] in Bucharest, Romania in September 2006 and in the Ministerial Conference on the Canadian Francophonie (MCCF), in Ottawa, in October 2006.
- Participated in the development and launch of the FLS Best Practices Web site www.bonjour-hello.ca, a joint initiative of the members of the MCCF.

- Participated in national meetings of the Intergovernmental Network of the Canadian Francophonie and in planning sessions of the Steering Committee for the *Sommet des communautés francophones et acadiennes* [Summit of the Francophone and Acadian Communities] to take place in June 2007.
- In collaboration with the Société franco-manitobaine and the Manitoba Federal Council, presented the *Prix Ronald-Duhamel – Ronald Duhamel Award* to the members of the FLS Unit of the Regional Health Authority – Central Manitoba Inc.
- Co-ordinated 219 registrations for French language training: evening and weekend programs for government employees, the continuation of two pilot projects involving French language training during the workday for 20 employees of Family Services and Housing, and the upgrading of skills via the Internet. Expanded cost-shared tutoring to include Ministers, Deputy Ministers, and MLAs.
- Organized FLS forums/meetings with representatives of Government departments and the Franco-Manitoban community to share information and ideas on specific issues and to prepare recommendations or develop solutions and strategies.
- Dealt with 23 complaints, as well as various issues raised by the public regarding FLS.
- Prepared the *Report on French Language Services 2005/2006.*

1 (e) French Language Services Secretariat

Expenditures by Sub-Appropriation	Actual 2006-2007	Estimate 2006-2007		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	570.5	11.00	621.9	(51.4)	
Other Expenditures	403.5		511.0	(107.5)	1
Total Sub-Appropriation	**974.0**	**11.00**	**1,132.9**	**(158.9)**	

1. *Under expenditure is due to construction of additional Bilingual Service Centres occurring later in the fiscal year.*

TREASURY DIVISION

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division assists in the financing of municipalities, schools and hospitals and it is the division's responsibility to ensure that such financing is arranged.

Major changes are continually taking place in the world's economic and financial markets. These changes have a significant impact on both short and long-term management strategies, as well as the day-to-day decisions made by Treasury Division staff.

The division maintains contact with a large number of domestic and foreign financial institutions as well as regulatory and rating agencies to inform them of the fiscal and economic performance of the province and its policies while at the same time obtaining information about the state of world financial markets and financial products and opportunities available to the province.

To more effectively deal with technological and financial market complexities and risks, the division operates the following committees:

The Capital Markets Committee

- Meets weekly to review world capital markets, investment, risk management and foreign currency markets and ensures that Treasury management and professional staff are conversant with current events and expectations respecting these markets.
- Determines appropriate investment, borrowing and risk management strategies.

The Risk Committee

- Regularly reviews the financial status and exposure to individual financial institutions, establishes approved lists of financial counterparties, exposure limits, reviews documentation standards for financial agreements, and assesses the risks related to investment classes and transactions.
- Responsible for the risk oversight function of the division ensuring that policies, processes, procedures and controls are properly documented and that they are consistently communicated to staff and understood by everyone responsible for their implementation and monitoring.

The Information Technology Planning Committee

- Assesses the technological needs of the Treasury Division, and recommends appropriate actions to ensure that technological advances can be applied to improving Treasury Division effectiveness and productivity.

The Executive Management Committee

- Meets to discuss matters relating to personnel, operations, planning, budgeting, credit, information technology, legislation and administrative matters so as to maximize the use of all resources provided to the Treasury Division, prioritize activities and ensure effective and efficient delivery of treasury services.

The Operations Committee

- Responsible for implementing processes and procedures to minimize operational risk and for ensuring the smooth running of the day to day operations of the division.

Administration

The Administration function has two staff positions for the performance of the following functions:

- general management of the Treasury Division;
- advises Minister and Deputy Minister on all policy and program matters of a financial nature;
- contact with the world financial community;
- provision of management and financial advisory services to government departments, agencies and investment funds; and
- reviews policies, legislation and regulations, and recommends changes where necessary to achieve objectives.

2 (a) Administration

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	118.8	2.00	118.0	0.8	
Other Expenditures	127.2		98.9	28.3	1
Total Sub-Appropriation	246.0	2.00	216.9	29.1	

1. *Over expenditure is due to the costs associated with the relocation of the Treasury Division.*

Capital Markets

The Capital Markets branch has nine staff positions for the performance of the following major functions:

- managing the long-term borrowing programs of the government, Crown corporations, government agencies and other loan programs;
- developing and maintaining the debt management program of the government;
- administering provincial investment in, and advances to, Crown corporations, government agencies and other loan programs;
- establish strategies and manage sinking funds and other long-term investment accounts of the province, Crown corporations and government agencies aggregating approximately $7.0 billion;
- managing the government's monetary resources;
- managing the short-term investment and borrowing programs for the government;
- administering trust money deposited with the Minister of Finance by Crown corporations, agencies and departments; and
- advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

Borrowing

The borrowing program of the government, its Crown corporations and government agencies aggregated $2,688 million in 2006/2007. This included $1,751 million for refinancing maturing debt issues with the balance required for sinking funds and self-sustaining programs, including Manitoba Hydro. The aggregate amount of the Province of Manitoba's direct and guaranteed debt, net of sinking funds, outstanding at March 31, 2007 (using March 31, 2007 foreign exchange rates for conversion of foreign issues) was $16.5 billion ($16.14 billion at March 31, 2006) of which $6.56 billion ($6.58 billion at March 31, 2006) was for general government programs.

The branch is responsible for meeting the ongoing reporting and filing requirements of all markets in which the government has borrowed money. Four major reports and filing documents were prepared for regulatory agencies in Japan, Europe, Australia and the United States.

The branch also co-ordinated presentations to the major North American rating agencies which evaluate the creditworthiness of the province.

Debt Management

The Capital Markets branch actively monitors global capital markets and manages the province's outstanding debt through the use of hedging techniques such as currency exchange agreements, floating and fixed interest rate swaps, forward rate agreements and various option structures.

At March 31, 2007, 10% of direct debt, excluding debt for which Manitoba Hydro is responsible, was floating rate (10% at March 31, 2006) and 100% was payable in Canadian dollars (100% at March 31, 2006).

Long-Term Investments

Loans and Equity Investments

The Capital Markets branch administers the government's non-budgetary investment activities through advances to and/or equity investments in various Crown corporations, government agencies and loan programs. During 2006/2007, $1,153.7 million was invested and $1,237.9 million of principal was repaid. At March 31, 2007 the aggregate amount of advances and equity investments outstanding was $8.9 billion.

Sinking Funds and Other Long-Term Investments

Sinking funds and other long-term investments of the Province of Manitoba, its Crown corporations and government agencies are managed by the Capital Markets branch. At March 31, 2007, sinking funds related to the direct and guaranteed debt of the province amounted to $4.788 billion, up 6.9% from $4.479 billion at March 31, 2006. The branch also manages the long-term investments for Manitoba Public Insurance Corporation which totalled $1.7 billion at February 28, 2007. The Capital Markets branch determines the cash flows of these funds for investment purposes.

Money Management

The Capital Markets branch prepares cash flow forecasts detailing the government's anticipated daily receipts and disbursements, including its trust administration activities. Management of daily bank balances and timing of long-term borrowing is determined as a result of these cash flow forecasts.

During 2006/2007, the Money Management program was involved in managing the cash flow for over $17 billion of transactions processed through the accounts of the government.

Short-Term Investment and Borrowing

Monitoring and management of the government's cash flow during 2006/2007 resulted in the branch arranging over 1,400 short-term money market transactions aggregating approximately $70 billion of investment purchases and $84.2 million of investment sales. The branch also arranged for the issue of $326.8 million of promissory notes to finance temporary shortfalls resulting from differences in the timing of government payments and receipts. Interest earned on the short-term investments amounted to approximately $68.0 million while interest paid on the promissory notes issued was approximately $0.942 million.

Trust Administration

Over 120 departments, agencies and Crown corporations deposit surplus funds with the Minister of Finance in interest-bearing trust deposits. These trust funds averaged approximately $1.2 billion in 2006/2007. Approximately 3,400 trust deposit receipts were issued in 2006/2007 and 4,400 payments processed by the branch in respect to these deposits. Interest paid on these trust accounts was in excess of $53.2 million.

Other Responsibilities

The Capital Markets branch also acts in an advisory capacity to Crown corporations and government agencies and makes recommendations respecting each organization's policies and procedures relating to the financing of their programs. All existing and proposed legislation of a financial nature is reviewed to ensure that the objectives of the Crown corporation or government agency are met and that there is legislative consistency among the various entities.

The branch is responsible for operating the Manitoba Hospital Capital Financing Authority which assists operators of hospitals to finance their capital expenditures and for funding Health facilities directly.

The branch managed the ninth Manitoba Hydro Bonds campaign which raised $115 million.

2 (b) Capital Markets

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	504.0	9.00	596.9	(92.9)	
Other Expenditures	34.7		53.3	(18.6)	1
Total Sub-Appropriation	538.7	9.00	650.2	(111.5)	

1. *Under expenditure is essentially due to a reduction in general operating expenditures.*

Treasury and Banking Operations

Risk Management and Banking

The Risk Management and Banking office has six staff positions for the performance of these major functions:

- monitoring and reporting on the division's market, credit, operational and liquidity risks ensuring safeguards are in place to protect the financial assets and liabilities of the government;
- responsible for the risk oversight function ensuring policies are in place and operating effectively in order to allow the division to meet its strategic objectives while managing risks;
- responsible for the administration and controllership activities related to the province's Risk Management program;
- ongoing development and maintenance of divisional policies and procedures;
- co-ordination, preparation, revision and analysis of Public Debt and Treasury Division expenditure estimates; and
- managing the banking operations of the government.

Risk Management

The ultimate purpose of developing a segregated Middle office is to efficiently and effectively monitor the division's risk management practices and financial exposures such as Mark to Market, performance measurement, and credit monitoring on $7 billion of investments, $20 billion of debt, and $25 billion in financial risk management contracts.

Banking Operations

The branch advises and establishes procedures regarding the use of banking services and depositing for other departments and some agencies, evaluates requests for new bank accounts and maintains existing accounts. The branch also negotiates contracts for banking and armoured car services for the province. The branch maintained a central index of approximately 270 accounts representing all Province of Manitoba bank accounts in all financial institutions in the province.

The branch continued to expand the use of direct payment cards and credit cards for the receipt of government revenues. The branch worked with individual departments and Special Operating Agencies, surveying their needs to consider appropriate applications.

The branch will continue to partner with other areas of government in the application of emerging technology.

Treasury Services

The Treasury Services office has eight staff positions for the performance of the following major functions:

- service and administer the public debt of the province;
- service and safekeep the short and long-term investments of the province and certain Crown corporations and government agencies;
- service and administer the province's Financial Risk Management program; and
- maintain a Treasury Payments system for the division.

Debt Servicing

The gross direct debt serviced by the branch aggregated approximately $20 billion. This debt was represented by debentures, savings bonds, treasury bills, promissory notes, and C.P.P. debentures, all payable in Canadian dollars, as well as 14 debenture issues payable in U.S. dollars, 2 debenture issues payable in Swiss Francs, 1 debenture issue payable in New Zealand dollars, 1 debenture issue payable in Euros and 1 debenture issue payable in Japanese Yen. In servicing this debt, the branch administered approximately 340 derivative agreements whereby, among other things, all the Swiss Franc, New Zealand Dollar and Japanese Yen debt has been swapped into fixed or floating rate Canadian or U.S. dollar liabilities. The branch also administered numerous option-related contracts entered into for the purpose of hedging against short-term interest rate and foreign currency fluctuations affecting debt.

Servicing the short-term debt obligations of the province required the administration of $1.6 billion in treasury bills and $326.8 million in promissory notes issued throughout the year.

Investment Servicing

The branch services the long-term investments of the Manitoba Public Insurance Corporation and the sinking fund investments of the Province of Manitoba, Manitoba Hydro and The University of Manitoba. The aggregate value of these long-term investments was approximately $7.0 billion.

In servicing these investments the branch processed purchases aggregating $5.1 billion, sales and maturities of $5.3 billion and gross income of $360.59 million. The branch administered approximately 186 derivative contracts by which investments denominated in foreign currencies have been swapped into Canadian dollars.

Servicing short-term investments for the province required the processing and safekeeping of approximately 3,000 money market transactions covering purchases, sales and maturities with a total aggregate value of approximately $140 billion.

In order to meet its responsibilities in servicing the province's debt and investments, the branch operates a payment system for the division. During 2006/2007, 192 cheques were issued with a total value of $86.5 million and authorized 2,906 transfers totalling $16.6 billion.

The Treasury and Banking Operations branch is responsible for co-ordinating the preparation of Public Debt expenditure estimates and analyses.

2 (c) Treasury and Banking Operations

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	795.8	14.00	852.6	(56.8)	
Other Expenditures	160.6		106.7	53.9	1
Total Sub-Appropriation	956.4	14.00	959.3	(2.9)	

1. *Over expenditure is due to consulting contract costs to address outstanding 2005 recommendations by the Office of the Auditor General in its report on Derivative Financial Instruments.*

Public Debt (Statutory)

The Public Debt appropriation provides for the required net cost of interest and related expenses payable with respect to the Public Debt of the province.

The following table sets forth certain information as to the funded debt of the province as well as debt issues for general provincial programs (all net of sinking funds) as at March 31 for the years 2003 through 2007, including per capita data based upon population at July of the preceding calendar year.

	As at March 31,				
	2003	2004	2005	2006	2007
General Provincial Public Debt (millions)	$6,354	$6,546	$6,594	$6,583	6,653
Population*	1,155.6	1,161.6	1,170.2	1,174.0	1,178.0
Per Capita	$5,498	$5,635	$5,635	$5,607	$5,571
Gross Domestic Product (millions)*	$36,625	$37,746	$40,006	$41,650	$44,085
As a Percent of Gross Domestic Product	*17.3%*	*17.3%*	*16.5%*	*15.8%*	*14.9%*
Net Cost of Servicing General Provincial Program Debt (millions) **	$321	$251	$241	$260	$260
Revenue*	$7,104	$7,389	$8,222	$8,426	$8,949
As a Percent of Provincial Revenue	4.5%	4.2%	2.9%	3.1%	2.9%

* Source for 2006 and prior years: Budget 2006, Manitoba Financial Statistics.

** For comparative purposes, 2003/2004 costs have been adjusted to reflect the capitalization of infrastructure assets.

11 Public Debt (Statutory)

Expenditures by Sub-Appropriation	Actual 2006-2007 $000s	Estimate 2006-2007 FTEs	Estimate 2006-2007 $000s	Variance Over/(Under) $000s	Expl. No.
Interest on:					
the Public Debt of Manitoba and related expenses	1,122,487.2		1,113,303.2	9,184.0	
departments' capital assets	89,557.5		91,783.4	(2,225.9)	
Trust and Special Funds	56,654.0		47,000.0	9,654.0	
Sub-total	**1,268,698.7**		**1,252,086.6**	**16,612.1**	
Less: Interest and Other Charges to be received from:					
Sinking Fund Investments	(196,053.2)		(189,942.3)	(6,110.9)	
Manitoba Hydro	(538,287.4)		(530,517.3)	(7,770.1)	
Manitoba Housing and Renewal Corporation	(28,361.5)		(28,280.6)	(80.9)	
Manitoba Agricultural Credit Corporation	(19,546.9)		(20,008.7)	461.8	
Other Government Agencies	(14,921.5)		(11,347.3)	(3,574.2)	
Other Loans and Investments	(121,731.6)		(98,207.0)	(23,524.6)	
Other Appropriations	(89,557.5)		(91,783.4)	2,225.9	
Sub-total	**(1,008,459.6)**		**(970,086.6)**	**(38,373.0)**	
Total Sub-Appropriation	**260,239.1**		**282,000.0**	**(21,760.9)**	*1*

1. *Net decrease is primarily a result of increased interest earnings due to higher than anticipated cash balances as well as lower than anticipated borrowing costs and other minor changes in various debt servicing and miscellaneous costs.*

COMPTROLLER DIVISION

The division's role is to establish and foster a corporate Comptrollership function for the Manitoba government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements. Some of the key components integral to the division's government-wide Comptrollership function include:

- designing management processes;
- establishing financial and accounting policy;
- preparing and presenting financial information for internal and external reporting;
- maintaining the central accounts of the province and controlling all disbursements and revenue transactions for the Consolidated Fund;
- facilitating the integration and co-ordination of financial and management information; and
- providing advisory and problem solving services to corporate government and line departments.

In carrying out the division's mandate, four branches report to the Provincial Comptroller. These include:

- Information Technology Services;
- Disbursements and Accounting;
- Internal Audit and Consulting Services.

Divisional accomplishments are reported under each branch as applicable.

3 (a) Comptroller's Office

Expenditure by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	303.1	5.00	406.2	(103.1)	1
Other Expenditures	51.9		48.2	3.7	
Total Sub-Appropriation	**355.0**	**5.00**	**454.4**	**(99.4)**	

1. *Under expenditure is due to position vacancies.*

Information Technology Services

The Information Technology Services branch provides efficient, effective and technologically sound information systems that effectively support Manitoba Finance with the exception of Treasury Board Secretariat and Consumer and Corporate Affairs.

The branch has 2.25 staff positions and resources for technical support for the performance of the following major functions:

- leadership and co-ordination of the development of strategic and annual information technology plans;
- provision of information technology expertise and consulting services such as business case analysis, feasibility analysis and requirements definition;
- development, implementation and testing of systems, backup and disaster recovery plans; and
- representing the department in matters relating to government-wide information technology initiatives.

In 2006/2007, the branch maintained the following systems in a continuous state of full operational serviceability:

- the Taxation Division's Revenue Accounting and Collection systems;
- the Comptroller Division's historical and several non-SAP financial systems;
- the Insurance and Risk Management branch's Property Management and Insurance and Risk systems;
- the Tax Assistance Office's Homeowner Tax Assistance Audit system; and
- the Manitoba Finance Intranet site.

In addition, the branch provided:

- support of the Integrated Taxation System;
- technological support to Treasury Division; and
- support for the version and technology upgrade of the Integrated Taxation System including resources for the upgrade of this system to .NET.

3 (b) Information Technology Services

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	514.1	2.25	659.7	(145.6)	
Other Expenditures	68.7		95.4	(26.7)	
Less: Recoverable from Part B - Capital Investment	(231.9)		(226.2)	(5.7)	
Total Sub-Appropriation	**350.9**	**2.25**	**528.9**	**(178.0)**	*1*

1. *Under expenditure is due to position vacancies.*

Disbursements and Accounting

The role of the Disbursements and Accounting branch is to monitor the decentralized processing as well as controlling and reporting of all receipts to, and disbursements from, the Consolidated Fund in accordance with governing legislation and established accounting policies and practices. The branch maintains a central payroll system for the payment of all government employees as well as an accounts payable vendor system for payments in relation to grants, supplies and services. It also maintains the official accounting records of the government and prepares its financial statements, including summary financial statements reflecting the consolidation of the financial operations included in the government reporting entity that are integral to the overall operations of government in performing its executive function.

The branch performed direct deposit for government payrolls that included 427,064 direct deposits and issued 1,345 payroll cheques, with adherence to all deadlines and all related laws, regulations and policies.

The branch also released 425,001 payments for grants, supplies and services, to corporations, firms and other recipients based on documents and supporting information provided by the government's operating departments. Approximately 40,264 of tnis total were direct deposit payments to vendors.

Processing and collection of amounts owing to the government for shared-cost agreements were completed on a timely basis. Quarterly financial report statements of the government were issued in accordance with established timetables and accounting policy. Annual financial reports, as represented by the Public Accounts, were prepared and released in accordance with *The Financial Administration Act*. The summary financial statements of the government represented by Volume 1 of the Public Accounts and the more detailed financial statements, schedules and reports of the consolidated fund represented by Volumes 2 and 3 of the Public Accounts, were all released September 5, 2006. Volume 4 of the Public Accounts, which represents the detailed financial statements of the funds, organizations, agencies and enterprises included in the government reporting entity, was produced and released on July 26, 2006.

The branch continued to provide consultation and financial guidance for appropriate financial processes within the Consolidated Fund.

3 (c) Disbursements and Accounting

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,198.2	44.00	2,708.0	(509.8)	1
Other Expenditures	1,149.7		896.5	253.2	2
Less: Recoverable from Other Appropriations	(510.1)		(510.0)	(0.1)	
Total Sub-Appropriation	**2,837.8**	**44.00**	**3,094.5**	**(256.7)**	

1. *Under expenditure is due to position vacancies.*
2. *Over expenditure is essentially due to office renovations and consulting costs related to the transition to Summary Budgeting and Reporting.*

Internal Audit and Consulting Services

The Internal Audit and Consulting Services branch provides internal audit services to management throughout government. All government departments have access to internal audit services through annual audit plans or for high-priority matters.

Activities of the branch in 2006/2007 included:

- Completion of 46 audits during the year (43 in 2005/2006), based on assignments greater than 100 hours;
- Annual reports, summarizing the audit activities for the year and the audit plan for the upcoming year, were prepared for each department; and
- Participation in the Institute of Internal Auditors and Information System Audit and Control Association boards and activities.

3 (d) Internal Audit and Consulting Services

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,694.7	24.50	1,854.6	(159.9)	
Other Expenditures	353.7		199.8	153.9	1
Total Sub-Appropriation	**2,048.4**	**24.50**	**2,054.4**	**(6.0)**	

1. *Over expenditure is due to office renovations, refurbishment and workstation upgrade.*

TAXATION DIVISION

The Taxation Division is responsible for efficiently and effectively administering the following Provincial Taxation Acts and ensuring proper revenues are collected as provided in these Acts:

The Corporation Capital Tax Act
The Gasoline Tax Act
The Health and Post Secondary Education Tax Levy Act
The Mining Tax Act
The Motive Fuel Tax Act
The Retail Sales Tax Act
The Tax Administration and Miscellaneous Taxes Act
The Tobacco Tax Act
The continuing phase-out of the *Manitoba Succession Duty and Gift Tax Acts*

Actual revenues for the 2006/2007 fiscal year under the Taxation Acts noted above as well as for the Mining Claim Lease Tax and Environmental Protection Tax, were $2,372,478.9 which exceeded estimated revenues by $84,406.9.

The major variances from the estimate are as follows:

- Retail Sales Tax revenue exceeded the estimate by $32,870.8 due to higher than estimated economic growth and increased activity in the construction industry.
- Mining Tax revenue exceeded the estimate by $55,369.2 due to high commodity process and increased mineral extraction.

Comparative Statement of Actual Revenues ($000s)

For Fiscal Years Ending March 31, 2003 to March 31, 2007

	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Corporation Capital Tax	139,340.1	139,049.1	165,850.6	132,166.7	156,133.8
Gasoline Tax	161,118.3	161,856.2	154,087.3	152,466.1	154,052.3
Levy for Health and Education	257,281.8	267,816.7	287,019.6	303,055.3	317,654.1
Succession Duty and Gift Tax	142.2	7.9	114.5	2.6	2.6
Mining Claim Lease Tax	71.1	71.3	71.0	71.1	71.1
Mining Tax	17,541.1	21,895.0	40,826.2	39,191.6	96,369.2
Motive Fuel Tax	70,131.9	71,308.0	80,780.8	83,538.8	86,737.5
Retail Sales Tax	1,006,583.5	1,064,239.4	1,125,429.0	1,197,452.3	1,276,970.8
Tax Administration and Miscellaneous Taxes Act	71,071.8	71,193.1	74,359.7	82,971.3	79,541.8
Tobacco Tax	180,508.6	190,289.2	203,465.5	191,637.4	201,576.3
Environmental Protection Tax	3,212.7	3,237.6	3,247.0	3,295.9	3,369.4
Total	**1,907,003.1**	**1,990,963.5**	**2,135,251.2**	**2,185,849.1**	**2,372,478.9**

Management and Research

The Management and Research branch ensures the effective management and application of provincial Taxation Statutes. The government's taxation requirements are conveyed by providing tax expertise and direction to the Taxation Administration and Audit branches and providing necessary information and interpretations to taxpayers and to businesses that collect the taxes.

The major objectives of this branch are to:

- provide management, leadership and policy assistance on statutes administered by the Taxation Division;
- maintain an effective tax-gathering system that applies the legislation consistently and ensures the collection of the tax revenues imposed by the Acts administered by the Taxation Division;
- implement new tax legislation;
- respond accurately and promptly to enquiries from tax collectors and taxpayers;
- develop taxation revenue and expenditure forecasts and analyse variances from budgeted amounts;
- inform the Minister and Deputy Minister of tax revenue options, and provide options to upgrade the effectiveness of legislation and tax administration policy;
- develop and update tax interpretation manuals for the use of Taxation Division staff, and tax bulletins to inform businesses of tax collection and remittance requirements; and
- provide tax management expertise and direction as needed to maximize the effectiveness of the Taxation Administration and Audit branches, and to co-ordinate the efforts of all three branches on the implementation of new programs.

Activities undertaken by the branch during the year include the following:

- provided the Minister of Finance and the Deputy Minister with options for changes in legislation and policy, evaluated the administrative and revenue implications of changes being considered by the government and implemented the changes as directed;
- prepared official communications, including ministerial responses regarding taxation matters;
- related with other departments, jurisdictions, businesses that collect the taxes, taxpayers and associations on taxation matters;
- prepared financial forecasts and analyses in order to assist in strategic taxation planning;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- developed and implemented new taxation policy and administration procedures and informed Taxation Division staff and the taxpayer community;
- researched and developed tax interpretations and bulletins to inform businesses of the tax requirements;
- liaised with Canada Revenue Agency (CRA) and other jurisdictions on cooperative information exchanges, joint compliance initiatives and other taxation administration and management issues;
- continued participation in the Integrated Tax System project to enhance public services;
- developed additional bilingual forms and information bulletins on the Taxation Division website;
- participated in the development of the department's business plan;
- participated in the upgrade of the integrated taxation system to provide improved efficiency and enhanced public service; and
- established through reallocated resources the compliance unit to improve customer service and tax compliance and protect tax revenue.

The results obtained during 2006/2007 include:

- revenues collected as imposed by the taxation acts;
- maintained a fair, effective and efficient tax-gathering system, with a sufficient deterrent to tax avoidance or evasion;
- evaluations regarding the implications of administrative and revenue options being considered by the government were developed on a timely basis;
- new legislation implemented on time and in an efficient and effective manner;
- official communications were prepared in a timely manner;

- key information bulletins developed and/or updated and made available on the internet;
- financial forecasts and analyses prepared in a timely manner;
- Taxation Division's resources effectively and efficiently controlled and utilized; and
- taxpayer queries answered in a timely manner, promoting self-compliance.

4 (a) Management and Research

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,290.4	19.50	1,316.9	(26.5)	
Other Expenditures	170.7		168.7	2.0	
Total Sub-Appropriation	1,461.1	19.50	1,485.6	(24.5)	

Taxation Administration

The Taxation Administration branch facilitates the effective and efficient administration and collection of taxes from taxpayers, as required by legislation, regulation and policies, and provides information to taxpayers.

The staffing complement for the 2006/2007 fiscal year was 76 staff positions. The branch is production-oriented and provides processing services and information to Manitoba taxpayers and provides the administrative needs of the other two branches of the Taxation Division. The Taxation Administration branch is responsible for ensuring the prompt and accurate processing of $2.4 billion in tax revenues annually from the Taxation Acts administered by the Taxation Division, as well as *The Mining Claim Tax* and *The Environmental Protection Tax*.

The major objectives of this branch are:

- accurate processing of tax revenue received;
- providing an effective and efficient tax gathering system;
- training and development of staff;
- ensuring tax rolls for each statute reflect the most current data available;
- proper reporting of the collection of taxes;
- accurate refunds with minimum delays;
- promote essential tax information to the taxpayer; and
- to effectively reduce outstanding tax arrears and delinquent tax returns.

Activities undertaken by the branch during the year included the following:

- provided field services to taxpayers on tax interpretations, remittance procedures, licensing and other requirements of the Acts and Regulations;
- collection of outstanding tax arrears and delinquent tax returns were actioned with a view to minimizing losses;
- ensured taxation data bases were promptly updated and accurately reflected the current status for each taxpayer;
- ensured remittance forms were produced and mailed at the required times to ensure tax revenues are received in a timely fashion;
- ensured refunds of tax were accurate and were produced with a minimum of delay;
- ensured fuel sampling was conducted to provide compliance with legislation;
- maintained filing systems to provide the necessary historical data on each taxpayer as required by all areas within the Taxation Division;
- recommended related policy change options and possible amendments to the Acts;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- participated in the upgrade of the integrated taxation system to provide improved efficiency and enhanced public service;

- recorded and transmitted to the Tire Stewardship Board on a monthly basis, the tire levy collected on behalf of the board; and
- participated in the integrated taxation systems project working toward integration of the Taxation statutes and single window access by taxpayers.

The results obtained during 2006/2007 include:

- proper recording and collection of taxes imposed by the Acts;
- maintenance of an effective and efficient tax-gathering system; and
- taxpayers and the general public provided with information necessary to comply with the statutes.

The Taxation Statutes for which the Taxation Administration branch is responsible are as follows:

The Retail Sales Tax Act

This Act levies a tax on certain services and goods purchased in Manitoba, or brought into the province for consumption. The tax rate of 7% is calculated on the retail-selling price excluding the Goods and Services Tax. Exemptions are provided for basic groceries, children's clothing and footwear up to $150 per item, prescription drugs, farm implements and manure treatment and handling equipment, books, toll free line charges, commercially operated aircraft, custom developed software and custom computer programming, sanitary napkins, geophysical survey equipment, drill rigs and well-servicing equipment used in oil and gas exploration and development and for certain other items.

The Health and Post Secondary Education Tax Levy Act

This Act imposes a tax on an employer's total annual gross remuneration paid to their employees. Employers whose total annual gross remuneration paid to their employees is less than $1,000,000 are exempt from paying the levy (associated corporations are required to share the exemption). Employers whose total annual gross remuneration paid to their employees exceeds $1,000,000 but is less than $2,000,000 pay tax on the portion over $1,000,000 at a rate of 4.3%. Employers whose total annual gross remuneration paid to their employees exceeds $2,000,000 pay tax at a rate of 2.15%.

The Corporation Capital Tax Act

This Act levies a tax on the paid up capital of a corporation. Paid up capital is generally represented by capital stock, surpluses, reserves, loans and indebtedness of the corporation. A $5 million deduction is provided for corporations or a group of associated corporations. The tax rate is 0.3% of the taxable paid up capital with an additional 0.2% surtax on the taxable capital in excess of $10,000,000. For fiscal years commencing after January 1, 2007, a $10 million deduction is provided. The tax rate is 0.3% for corporations with taxable paid up capital less than $10 million and 0.5% for corporations with taxable paid up capital greater than $11 million (taxable paid up capital represents total paid up capital less the $10 million deduction and allowances for goodwill and investments). For taxable paid up capital between $10 million and 411 million, tax will be $30,000 plus2.5% of the taxable paid up capital greater than $10 million. Banks, trust and loan companies are taxed based on their shareholder equity and subordinated debt at a rate of 3%.

The Gasoline Tax Act

This Act imposes a per litre tax on all purchases of gasoline, gasohol, aviation gasoline and propane subject to certain exemptions (tax exempt fuel eligible for farming, fishing, trapping, logging and the cargo component of international aircraft flights).

The Motive Fuel Tax Act

This Act imposes a per litre tax on all purchases of petroleum products used in the operation of an internal combustion engine or for commercial heating, that are not taxable under *The Gasoline Tax Act*, subject to certain exemptions (tax exempt fuel eligible for farming, fishing, trapping, logging, segments of the mining industry, domestic home heating and international ocean going vessels). Manitoba produced bio-fuel is exempt from both the Retail Sales Tax Act and the Motive Fuel tax Act for a 5-year period ending March 31,

2011. The Taxation Administration branch administers the International Fuel Tax Agreement (IFTA) whereby truckers licensed in Manitoba are allowed to file a tax return which accounts for all jurisdictions travelled. The branch is responsible for verifying the returns and either issue recovery notices or refunds to other IFTA member jurisdictions.

The Tobacco Tax Act

This Act imposes a tax on the purchase of cigarettes, fine cut tobacco, cigars and other tobacco products.

The Tax Administration and Miscellaneous Taxes Act *(previously The Revenue Act)*

Part 1 contains the consolidation of the general administration and enforcement provisions for the statutes administered by the Taxation Division.

Part 1.1 imposes a 7% tax (before GST) on the purchase price of electricity, coal, and natural and manufactured gas delivered by a pipeline. Special exemptions are provided for the heating of domestic dwellings and farm buildings. The tax rate for electricity used directly for qualified manufacturing and mining is 1.4%.

The Mining Tax Act

This Act imposes a tax on the profits of mining operations.

Operational Results

Operational results for the 2006/2007 fiscal year include 50,572 registered vendors, collectors and deputy collectors and 319,950 returns generated per annum.

The Administration branch also processed 13,664 refunds (representing $62,640,978) and chargeback's (representing $1,590,826).

As at March 31, 2007, there were service stations operating on 42 reserves with 73 retailers who had entered into an agreement with the province to provide tax-free fuel to Status Natives. A total of $5,851,403 representing 1,567 claims was disbursed under this program during the 2006/2007 fiscal year for both diesel and gasoline fuel. In addition, 14 northern reserves acquire bulk fuel through collectorship arrangements.

In the 2006/2007 fiscal year, the Manitoba government had established agreements with Indian Bands to provide a tobacco tax exemption for tobacco products sold to Status Natives on reserves. As at March 31, 2007 there were 55 Indian Bands with agreements and 4 Indian Bands on an alternate tax exempt program. A total of $21,987,544 representing 1,455 claims was disbursed under these programs during the fiscal year.

Collections

The Collections and Field Services section is responsible for the collection of all outstanding taxes and delinquent returns, statute interpretation and taxpayer compliance with the various statutes administered by the Taxation Division. This is accomplished by telephone contact, enforcement action, visits, examination of records and participating in the fuel sampling programs.

4 (b) Taxation Administration

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	3,439.9	76.00	3,573.6	(133.7)	
Other Expenditures	2,466.9		3,141.5	(674.6)	1
Total Sub-Appropriation	**5,906.8**	**76.00**	**6,715.1**	**(808.3)**	

1. *Decrease is due to a reduction in the provision for doubtful accounts for taxation receivables.*

AUDIT

The Audit branch ensures that all taxes administered by the Taxation Division are remitted to the province through the promotion of voluntary compliance by taxpayers (including all collectors and registrants).

The Audit branch is structured into four operational units:

- **Audit** is responsible for conducting audits of taxpayers under various taxation statutes administered by the Taxation Division
- **Audit Review** is responsible for the quality review of audit files, workload development, file selection, taxpayer appeals and the development of audit policies and procedures .
- **Investigations** is responsible for gathering evidence, the investigation of violations and the laying of charges under the taxation statutes administered by the Taxation Division and
- **Westman Regional Office** provides a rural perspective to tax policy development and operational programs, responsibility for all audit functions as well as investigations in Western Manitoba and provides taxpayer information services for areas outside Winnipeg

The major objectives of this branch are to:

- develop an efficient and effective audit program focused on high risk areas and throughout the cross-section of industries;
- develop an efficient and effective investigation program where violations under the taxation statutes are detected;
- provide accurate information in a timely manner to businesses relating to tax interpretation of the taxation statutes; and
- develop branch policies and procedures which ensure fair and consistent tax application to all businesses and which improve branch efficiency and effectiveness.

Activities undertaken by the branch during the year include the following:

- conducted audits under the various statutes to ensure proper remittance of taxes and promote voluntary compliance by taxpayers;
- issued various policies and procedures to all staff to assist in the performance of audits and investigations;
- participated in the development of legislation and regulations;
- conducted training sessions for the staff of the Audit branch on new policies and procedures issued, on the operation of laptop computers and on legislative amendments under various taxation statutes to aid audit staff in the performance of audits;
- participated with Canada Revenue Agency, Canada Border Services Agency and other provinces to develop co-operation and implement exchange of information on audits and investigations;
- conducted audits and reviews of the fuel and tobacco tax exemption systems for First Nations people;
- as part of the Canadian Fuel Tax Council participated in the steering committee and sub-committees that are working on common definitions, forms, administration and auditor training courses, e-filing standards, fuel marking standards, legislation, co-operation at border points, etc. for the project - which is working on, common definitions, forms, fuel marking standards, legislation, co-operation at border points, etc.
- hosted the 2006 Interprovincial Investigations Council tobacco conference;
- as part of the Canadian Tobacco Tax Steering Committee participated in the steering committee and sub-projects that are working to establish a mechanism through which all jurisdictions can share best practices, promote communication of ideas and propose alternative solutions to common problems related to the administration of Tobacco Taxes;
- participated in the national Marking and Stamping Committee for Tobacco enforcement to develop, in concert with industry and other government, secure methods of marking tobacco products;
- participated in the Departmental Renewal Committee and undertook renewal initiatives in the Audit branch;
- conducted audits of tire vendors on behalf of the Tire Stewardship Board;

- conducted fuel sampling in the Westman and other rural areas to detect the improper use of tax exempt dyed fuel;
- conducted audits of taxpayers using computer-assisted audit techniques and software;
- provided direct support to numerous taxpayers in person and by telephone through the Westman Regional Offices, in the form of information on taxation statutes, applications for registration, International Fuel Tax Agreement (IFTA) applications as well as receiving monthly returns and payments;
- continued training staff in IFTA audit programs, computer software and hardware, continued conducting IFTA audits and roadside enforcement of IFTA provisions;
- conducted International Registration Program (IRP) and Pro-Rate Vehicle Tax (PVT) audits;
- participated as an active member of the Law Enforcement Committee for IFTA which is endeavouring to work towards having all member jurisdictions create common enforcement practices and to develop a standard best practices approach to roadside enforcement of the IFTA requirements;
- increased awareness of tax evasion and the underground economy with managers of investigative bodies of provincial government and Crown corporations by arranging meetings to exchange information;
- developed, implemented and monitored management performance action plans;
- participated in various conferences with other provincial, federal and state taxing jurisdictions for the purpose of exchanging audit and investigative information and to ensure that the Audit branch is informed on developments in other taxing jurisdictions including best practices;
- participated in joint force investigations with Federal agencies and other provinces regarding Tobacco Tax, Retail Sales Tax, Gasoline Tax, Motive Fuel Tax and IFTA; and
- drafted communications for the Minister, Deputy Minister and the Assistant Deputy Minister of Finance.

The results obtained during 2006/2007 include:

- conducted audits which recovered tax not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- responded to taxpayer queries in a timely manner; and
- policies and procedures developed and/or updated.

Audit

Completed refunds	382
Completed files	1,276
Audit recoveries	$ 24,344,127

Investigations

Completed files	300
Charges	309
Convictions	122
Fines	$ 60,933
Recoveries	$ 543,665

Audit Review

Audit files reviewed	454
Reviewed Notices of Assessments	62
Appeals reviewed (In progress 35; Completed 9)	44

4 (c) Audit

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	5,639.5	89.00	5,956.6	(317.1)	
Other Expenditures	1,110.3		1,056.0	54.3	
Total Sub-Appropriation	6,749.8	89.00	7,012.6	(262.8)	

Tobacco Interdiction

The Tobacco Interdiction program protects the revenues of the government under *The Tobacco Tax Act*. This program was implemented to counter against the increased risk of smuggling of lower taxed tobacco products from Eastern Canada to Manitoba and the Western provinces.

The Tobacco Interdiction program is made up of a combination of staff seconded from the Investigations group and the hiring of investigators and auditors on a casual/term basis specifically for this program.

The major objectives of this program are to:

- maintain an effective tax gathering system through the presence of an enforcement profile that will promote voluntary compliance by taxpayers and tax collectors;
- develop audit and investigation programs which detect tax evaders;
- prosecute tax evaders; and
- provide information to taxpayers on proper tax collection and remittance requirements.

Activities undertaken under this program during the year included the following:

- participated in investigations with the RCMP, Canada Revenue Agency (CRA), Canada Border Services Agency (CBSA) and Winnipeg Police Service of contraband tobacco violations;
- liaised with counterparts in the Departments of Finance in Saskatchewan, Alberta and British Columbia on a regular basis to co-ordinate the investigation and prosecution of the smuggling of contraband tobacco into Western Canada;
- liaised with counterparts in the Departments of Finance in Eastern Canada to solicit their assistance and co-operation in the tobacco interdiction program;
- developed policies, programs, procedures and information for taxpayers which result in the most efficient and effective utilization of resources to achieve compliance;
- recommended related policy change options and possible amendments to the Acts, evaluated the implication of changes being considered by the government and implemented the changes as directed;
- conducted audits of tax collectors and taxpayers relating to the smuggling of tobacco products and other violations of the Act;
- prosecuted tax evaders;
- liaised with law enforcement agencies, including Winnipeg Police Service, CBSA, RCMP, Ontario Provincial Police, Brandon Police Service, Kenora Police Force, Department of Homeland Security - U.S. Customs and Border Protection and Department of Justice - U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives;
- liaised with the Winnipeg Police Service Airport Detachment to assist in detection and prosecution of contraband shipments of tobacco by air;
- maintained a program of interaction with the transportation industry;
- continued to co-operate with other provincial agencies and Crown corporations in assisting investigations into tobacco smuggling;
- participated in various meetings and conferences with other provincial, federal and state taxing jurisdictions for the purpose of exchanging information and best practices, including attending U.S./Canada tobacco diversion workshop hosted by CRA and the U.S. Department of Homeland Security;
- trained and developed staff;
- continued to refine management performance action plans; and
- responded to media requests for information on the interdiction program.

The results obtained during 2006/2007 include:

- maintained an effective tax gathering system which protects revenues under *The Tobacco Tax Act*;
- conducted audits which recovered taxes not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders; and
- responded to taxpayer queries in a timely manner.

Tobacco Interdiction *

Completed files		134
Charges		19
Convictions		10
Fines	$	8,418
Recoveries	$	67,825

* In addition, staff in the Audit branch are also involved in Tobacco Interdiction investigative duties.

4 (d) Tobacco Interdiction

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	404.1	10.00	624.0	(219.9)	1
Other Expenditures	198.1		251.5	(53.4)	
Total Sub-Appropriation	**602.2**	**10.00**	**875.5**	**(273.3)**	

1. *Under expenditure is due to reduced overtime costs and position vacancies.*

FEDERAL-PROVINCIAL RELATIONS AND RESEARCH DIVISION

The Federal-Provincial Relations and Research Division is comprised of the Economic and Federal-Provincial Research unit and the Manitoba Tax Assistance Office.

The major areas of responsibility include intergovernmental fiscal relations, economic and fiscal policy analysis and tax policy formulation. Accordingly, the division is comprised of an Administrative Unit and three branches:

- Intergovernmental Finance branch;
- Economic and Fiscal Analysis branch; and
- Taxation Analysis branch, which is also responsible for the Tax Assistance Office.

The division's senior staff consists of an Assistant Deputy Minister, the directors of the three branches and the assistant director of the Taxation Analysis branch.

The division's primary goals are:

- to provide research, technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations, including cost-shared programs;
- to administer fiscal arrangements and tax collection agreements with the federal government and to administer tax credit programs with the federal government and municipalities; and
- to provide government-wide analytical support to inter-departmental working groups, task forces, etc.

Economic and Federal-Provincial Research

The major functions fulfilled by Economic and Federal-Provincial Research are:

- providing the government with research and technical support with respect to national and provincial fiscal and economic matters and intergovernmental financial relations, and fulfilling the department's specific economic and fiscal information requirements;
- providing advice and policy analysis with respect to a broad range of economic and fiscal matters including revenue and expenditure policies;
- co-ordinating the development during each budget process and throughout the year of the province's medium-term revenue projection;
- serving as the principal administrative unit of the province for *The Income Tax Act* (Manitoba), *The Federal-Provincial Fiscal Arrangements Act* and the Tax Collection Agreement with the federal government;
- advising on policies relating to Federal-Provincial fiscal and economic relations;
- supporting provincial policy, and advancing provincial fiscal interests while representing the province in various meetings and committees;
- co-ordinating the fiscal and taxation analysis necessary for the Minister and Cabinet to develop the Budget and co-ordinating the production of the Budget and related documents; and
- administering tax credit programs with the federal government and municipalities.

Intergovernmental Finance

The Intergovernmental Finance branch includes five staff positions.

The branch director and staff undertake ongoing monitoring and analysis of federal transfer payments in respect of major social programs including health care, higher education and social services, as well as Equalization, other transfer programs and some aspects of provincial/local government fiscal arrangements. The branch also prepares projections of federal transfer payments as input into the province's medium-term revenue projection and fiscal plan.

Total provincial revenues governed by Federal-Provincial fiscal arrangements and administered by the branch in 2006/2007 included: $1,709.4 million in Equalization payments; $1,108.5 million in cash payments for major health and social programs; $2.3 million in respect of the Government of Canada Subsidy; and $48.9 million representing the balance of the province's allocation in respect of the federal government's commitments under Bill C-48.

The branch director and staff represent the province at Federal-Provincial-Territorial and Provincial-Territorial meetings and on working groups on fiscal arrangements, the Canada Pension Plan, aboriginal and other Finance issues. In addition, the branch also provides support to Federal-Provincial Relations (in the Department of Competitiveness, Training and Trade) and participates with other ministries and participants in various intergovernmental working groups.

Revenue from Federal-Provincial Fiscal Arrangements ($000s)
For Fiscal Years Ending March 31, 2003 to March 31, 2007

	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Income Taxes					
Individual Income Tax *(1)*	1,695,045.9	1,778,583.1	1,845,099.1	1,948,853.9	2,130,492.8
Corporation Income Tax *(1)*	184,126.4	313,234.6	401,925.1	373,568.7	310,586.6
Subtotal	1,879,172.3	2,091,817.7	2,247,024.2	2,322,422.6	2,441,079.4
Federal Transfers					
Equalization	1,337,625.0	1,413,790.0	1,699,483.8	1,601,018.0	1,709,430.0
Canada Health Transfer (CHT) *(2)*	325,073.5	324,042.4	684,767.3	733,313.4	773,090.3
Canada Social Transfer (CST) *(2)*	430,911.5	429,544.6	307,547.9	324,551.6	335,420.7
Health and CHST Supplement	-	163,882.5	-	-	-
Bill C-48	-	-	-	48,900.0	48,911.3
Government of Canada Subsidy	2,247.3	2,272.1	2,283.6	2,283.7	2,284.0
Subtotal	2,095,857.3	2,333,531.6	2,694,082.6	2,710,066.7	2,869,136.3
Total from Fiscal Arrangements	3,975,029.6	4,425,349.3	4,941,106.8	5,032,489.3	5,310,215.7

(1) Adjustments have been made to income tax revenues for 2002/2003 through to 2004/2005 in regard to the Provincial Municipal Tax Sharing payments to be consistent with the presentation of the Building Manitoba Fund in 2005/2006.

(2) 2002/2003 through to 2004/2005 revenues have been restated for comparative purposes to reflect the decision of the federal government to split the CHST into separate transfers in respect of health (CHT) and other social programs (CST)

Economic and Fiscal Analysis

The Economic and Fiscal Analysis branch includes four staff positions.

The branch's mandate is to provide economic and fiscal analysis of national and regional matters for the Minister and Cabinet, as well as for use by various departments in policy development and estimates preparation.

The branch monitors and reviews a wide variety of private sector and public sector analyses and forecasts, and maintains an extensive information base in order to meet its objective.

The branch director and staff represent the province on Federal-Provincial committees and working groups and provide economic analytical support for Finance Ministers' and First Ministers' meetings. As well, the branch provides inter-departmental co-ordination of economic analysis through the Inter-departmental Economic Outlook Group.

The branch prepares the Economic Review presented with the Budget. It co-ordinates the multi-year fiscal projections including the province's medium-term revenue projection, by working closely with staff of the Intergovernmental Finance and Taxation Analysis branches. The branch also monitors the federal government's fiscal situation and prospects.

An important and ongoing task of the branch is to prepare major components of provincial borrowing prospectuses and securities registration with regard to economic and financial data, and to represent the province in "due diligence" examinations of borrowing documents. A related task is to prepare major presentations and publications for financial institutions and credit-rating agencies.

The branch also responds to numerous requests for information on the Manitoba economic and fiscal situation from Canadian and international investment analysts as well as from companies, organizations and individuals in Manitoba. It also maintains current economic data and commentaries on the Manitoba Finance Web site.

Taxation Analysis

The Taxation Analysis branch has eight staff positions assigned with a further seven staff positions in the Manitoba Tax Assistance Office.

The Taxation Analysis branch maintains databases and analytic models, and develops recommendations for the Minister and Cabinet for taxation policy and for specific tax measures and tax credits. Tax measures are implemented through Budgets, legislation and agreements, the most significant being the Canada-Manitoba Tax Collection Agreement respecting income taxation.

The branch is responsible for analyzing the fiscal and economic effects of tax measures and proposals. This work entails participation in the relevant Federal-Provincial working groups, representing the province at various Federal-Provincial meetings, and providing advice for ministerial meetings.

Total provincial revenue from income taxes administered by the branch in 2006/2007 amounted to $2,130.5 million in individual income tax and $310.6 million in corporation income tax.

The branch supervises the Manitoba Tax Assistance Office and the tax and related programs administered by that office. These programs benefit approximately 500,000 Manitobans annually. The Manitoba Tax Assistance Office provides information and assistance to Manitobans in completing the provincial portion of their income tax returns as well as handling general inquiries respecting Manitoba income tax and tax credits.

Net Tax Credit Payments

10 Net Tax Credit Payments

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Education Property Tax Credit	183,237.3		184,301.0	(1,063.7)	
Personal Tax Credit	46,348.2		48,245.8	(1,897.6)	
School Tax Assistance for Tenants and Homeowners (55+)	2,170.2		2,601.0	(430.8)	
Political Contribution Tax Credit	624.9		831.6	(206.7)	
Riparian Property Tax Reduction	14.1		75.0	(60.9)	
Federal Administration Fee	974.1		984.0	(9.9)	
Less: Recoverable from Education, Citizenship and Youth:					
Education Property Tax Credit	(183,237.3)		(184,301.0)	1,063.7	
School Tax Assistance for Tenants and Homeowners (55+)	(2,170.2)		(2,601.0)	430.8	
Total Sub-Appropriation	**47,961.3**		**50,136.4**	**(2,175.1)**	*1*

1. *Net under expenditure is primarily due to increase in average income of eligible claimants resulting in a reduction of total benefits and under expenditure in Political Contribution Tax Credit resulting from election cycles.*

Administrative Unit

This unit, with a staff of three, provides administrative support, budget and cash flow analysis and research support to the Assistant Deputy Minister and the branches of the division.

Results:

- The Minister and Cabinet are provided with timely and accurate information with regard to major fiscal, economic and taxation issues, including intergovernmental implications.
- Preparation and delivery of necessary reports and presentations to facilitate the conduct of the province's fiscal affairs, including support for the borrowing program.
- Benefits to Manitoba from fiscal arrangements are maximized.
- The division's financial status is closely monitored proactively and issues are brought to the attention of the Assistant Deputy Minister as necessary.

5 (a) Economic and Federal-Provincial Research

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,668.4	21.25	1,643.3	25.1	
Other Expenditures	994.1		1,164.6	(170.5)	
Total Sub-Appropriation	**2,662.5**	**21.25**	**2,807.9**	**(145.4)**	

Manitoba Tax Assistance Office

The major functions fulfilled by the Manitoba Tax Assistance Office include:

- informing and assisting taxpayers on the proper application of Manitoba Income Tax and tax credit programs for residents of Manitoba;
- administering all elements of the Manitoba Education Property Tax Credit Advance program;
- enforcing the provisions of the legislation governing Manitoba Income Tax and Manitoba tax credit programs including recovery of ineligible claims;
- administering Tax Rebate Discounting;
- administering the Riparian Tax Credit program;
- administering elements of the Cooperative Education Tax Credit program; and
- administering the 2004 Farmland School Tax Rebate program.

The major activities include:

- providing information to taxpayers claiming any of the above programs and administering these programs with Canada Revenue Agency;
- responding to enquiries and processing benefit applications; and
- contacting individuals to recover ineligible amounts claimed under Manitoba Income Tax and Tax Credit legislation.

Results:

Residents of Manitoba receive benefits to which they are entitled under the *Manitoba Income Tax Act*.

5 (b) Manitoba Tax Assistance Office

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	342.0	7.00	358.5	(16.5)	
Other Expenditures	106.0		131.0	(25.0)	
Total Sub-Appropriation	**448.0**	**7.00**	**489.5**	**(41.5)**	

TREASURY BOARD SECRETARIAT

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities. The Secretariat is headed by a Deputy Minister who acts as Secretary to Treasury Board.

The major functions fulfilled by the Secretariat include:

- monitoring, analyzing, and reporting on the financial position of the province;
- planning and co-ordinating the review and preparation of the annual estimates and participating in the development of the annual budget;
- providing analyses in support of the efficient and effective utilization/allocation of the province's financial and human resources, both in the context of the annual estimates process and on an ongoing basis throughout the year;
- undertaking reviews of specific program areas;
- co-ordinating expenditure management, continuous improvement, planning and program performance measurement processes for government;
- developing and communicating policies, procedures and guidelines on administrative matters, and maintaining the General Manual of Administration;
- providing guidance to departments in the identification of potential special operating agency (SOA) candidates and in the development of proposals and business plans as well as monitoring and reporting on the operation of special operating agencies;
- representing the government and department management in all labour relations and compensation activities within the civil service as well as providing specialized consulting services respecting labour relations and compensation matters within the public sector; and
- providing central administrative services to government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies.

The 2006/2007 Estimates of Expenditure and Revenue were tabled in the Legislature with the 2006 Manitoba Budget on March 6, 2006.

Fiscal Planning Office

The Fiscal Planning Office (FPO) is responsible for developing fiscal strategy and planning options for the Government of Manitoba. This is accomplished through the maintenance of an effective budget/planning cycle within an overall fiscal framework. The FPO develops, implements and co-ordinates the annual estimates process and finalizes the estimates of expenditure and revenue for tabling in the Legislature. The FPO prepares money bills and support information for tabling in the Legislature, and develops and implements such processes that are necessary to maintain the orderly business of government.

The FPO is also responsible for monitoring the fiscal status of the government and preparing reports, ensuring that the government has accurate, timely and relevant information on its fiscal position. Financial and operational information is provided to senior management of the province to facilitate sound financial management of government programs.

Analytical Units

The three analytical units are responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process, with respect to program, policy and financial direction to departments. The units monitor, analyze and advise on departmental activities, ensuring the effective, efficient and consistent delivery of government policies and priorities. In addition, the analytical units provide support and assistance to the Fiscal Planning Office.

The units are major participants in the development of the annual estimates of expenditure and revenue. They provide advice and guidance to assigned departments in the preparation of their estimates, analyze departmental estimates and evaluate whether they meet fiscal guidelines, and evaluate alternative strategies. They provide advice and recommendations to Treasury Board on program, policy and resource allocation issues, and they communicate and review Treasury Board decisions with assigned departments.

The analytical units provide ongoing advice and analysis to Treasury Board by reviewing departmental Treasury Board Submissions and providing assessments and recommendations. Other activities include participating in departmental reviews and studies; providing advice to departments on Treasury Board guidelines and procedures, as well as on various policy and financial issues; monitoring the program and financial status of departments; analyzing and reporting on departmental financial information to ensure compliance with government policy and financial objectives; and working with senior departmental personnel to ensure that the necessary communication between Treasury Board and departments is maintained.

Expenditure Management and Continuous Improvement

This unit is responsible for co-ordinating a range of activities, including co-ordinating the Priorities and Strategies Overview component of the annual estimates process, conducting program reviews of selected program areas, co-ordinating performance reporting activities and other internal service improvement projects.

The unit also includes the Administrative Policy Office which develops, interprets and evaluates government-wide administrative policies, which are communicated in the General Manual of Administration (GMA).

Results

Building on the 2005 release of the performance document entitled *Reporting to Manitobans on Performance: 2005 Discussion Document*, five performance measures were included in the 2005/2006 annual reports published by departments in September 2006. Access to these annual reports is now available on-line through the Department of Finance website. A new integrated guide for developing policy proposals was also made available to departmental policy and planning staff in 2006.

Summary Budgeting and Capital Planning

This unit, jointly with the Comptroller's Division, works with organizations included in the Government Reporting Entity to enable the Government of Manitoba's transition to Summary Budgeting and Reporting. This transition reflects government's commitment to change the primary focus of the budget process and financial reporting processes to the broader public sector, or Government Reporting Entity for 2007/2008. This unit is also responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process related to capital projects and capital expenditures, and for the continued development and support of a multi-year capital planning process.

Co-ordination of Special Operating Agencies

The *Special Operating Agencies Financing Authority Act* received Royal Assent on June 24, 1992 and provides for the establishment of special operating agencies (SOAs). Special operating agencies are service operations, which are granted more direct responsibility for their operating results and have increased management flexibility to encourage entrepreneurship, enhance service, and achieve cost-savings for government. The Co-ordinator of Special Operating Agencies is responsible for providing guidance to departments in identifying potential special operating agency candidates and in developing proposals and business plans that are reviewed within the annual estimates process.

In 1992/1993, Fleet Vehicles Agency was established as the first SOA in Manitoba and at the provincial level in Canada. In 2006/2007, the complement of seventeen special operating agencies achieved over $149 million in revenue for government. The SOAs continue to provide cost effective services for government and other clients. Further information on the operation of the SOAs is provided in the Annual Report for the Special Operating Agencies Financing Authority and for each agency.

Labour Relations

Compensation Services

Compensation Services provided a complete range of services related to administration of the province's job classification program, employee benefits programs and compensation research to support the collective bargaining process and human resource policy development. Service is provided to Treasury Board, Government negotiators, human resource practitioners and department managers. Service is also provided to external public sector organizations requiring advice, information or interpretation of civil service compensation policies and practices. The branch represents government in negotiations with employee representatives to amend the Civil Service Superannuation Plan, the Public Service Group Insurance Plan and the Teachers Pension Plan.

Results
Support in the form of research and costing of bargaining proposals was provided to negotiation services related to the negotiation and implementation of various collective agreements.

The Regulation under the Civil Service Superannuation Plan was amended to include several organizations not previously covered by the Plan.

Compensation and benefits information databases were maintained and expanded, and information exchanged with a variety of local and national employers. A number of policies were updated to reflect current compensation policy and practice within the organization.

A total of 1,224 classification assessments were completed including implementation of 2 new or updated classification series. Classification delegation audits were completed for scheduled government departments and classification training was presented to managers and human resource practitioners.

A Voluntary Reduced Work Week (VRW) Program which allowed employees to take up to 15 days of leave without pay was successfully implemented.

Benefits Administration

The Benefits Administration branch is responsible for providing central administrative services for government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and human resource policies. Benefit programs include the Ambulance and Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drugs, Extended Health, Long-Term Disability (LTD) and the Health Spending Account. The branch also provides advice to government departments and other public sector organizations with respect to the application of benefits programs.

Workers Compensation Board (WCB) costs from government departments and agencies are managed through Benefits Administration branch. Financial information for statutory benefit and insurance programs including Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance Plan, Employment Insurance, and the Levy for Health and Post-Secondary Education is compiled through the branch. Additionally, the branch is responsible for co-ordinating the budgeting and financial reporting activities related to Employee Pensions, benefits and other salary related costs.

Results
The branch provided administrative support and disability management services for LTD plan recipients and monitored accommodation issues related to redeployment of employees on medical grounds. During the 2006/2007 fiscal year 28 employees who had been on LTD were returned to work. As of March 31, 2007, 222 individuals were in receipt of LTD benefits. All agreements with service providers were updated and re-issued.

Negotiation Services

Negotiation Services provides a complete range of labour relations services to government by representing management in labour relations activities involving both unionized and non-unionized employees. These activities include negotiation of collective agreements with various bargaining agents representing government employees, administration of collective agreements, and providing labour relations assistance respecting non-union employees. The branch also provides, upon request, labour relations services to Crown corporations and government-funded agencies.

Results
The branch represented the province in the negotiation and renewal of the Government Employees' Master Agreement with the Manitoba Government and General Employees' Unit (MGEU) that applies to approximately 14,000 employees in the civil service. In addition, interest arbitration was undertaken respecting the renewal of the Winnipeg Child and Family Services/Canadian Union of Public Employees (CUPE) collective agreement that expired December 31, 2004. The branch also supported Osborne House in the interest arbitration of its collective agreement with CUPE.

Staff also represented the province in negotiations regarding the devolution of child and family services from the government to various aboriginal child and family services agencies.

Contract Administration

Negotiation Services provides support and guidance to management concerning the implementation and interpretation of collective agreements. Services include providing counsel on proposed actions concerning labour relations issues in the workplace. As part of this responsibility, the branch co-ordinates grievance and arbitration activities on behalf of government and conducts training sessions for managers and human resources officers regarding their rights and responsibilities in managing under a collective agreement.

Results
The branch successfully represented the government and a number of Crown agencies before boards of arbitration concerning several rights issues involving both contract interpretation as well as discipline and dismissal matters. In addition, staff managed the interests of the province before the Manitoba Human Rights Commission on a number of human rights cases and before the Manitoba Labour Board on a number of jurisdictional issues. Staff continued to conduct a series of training sessions for line managers and human resource professionals on the topics of "Grievance and Discipline Handling" and "Managing Under a Collective Agreement".

7 Treasury Board Secretariat

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000's)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
Salaries and Employee Benefits	4,591.9	64.00	5,198.4	(606.5)	1
Other Expenditures	967.3		817.6	149.7	
Total Sub-Appropriation	**5,559.2**	**64.00**	**6,016.0**	**(456.8)**	

1. *Under expenditure is due to delay in filling vacant positions.*

CONSUMER AND CORPORATE AFFAIRS DIVISION

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, and maintains registries of vital events and of interests in land and personal property.

Administration and Research

Administration and Research is comprised of three programs; the Assistant Deputy Minister's office, Research and Planning, and Administrative Services. All three programs provide support to the Consumer and Corporate Affairs Division.

Mandate

- Provides overall direction to the Consumer and Corporate Affairs Division
- Assesses the need for new or amended legislation and co-ordinates the development of legislation and other responses to marketplace problems
- Investigates marketplace issues and assesses alternative responses to them
- Provides support for the division's financial systems, information technology activities and budget processes

Results

- Amendments to *The Consumer Protection Act* to regulate payday loans received royal assent on December 7, 2006. Regulations are in development.
- Legislation prohibiting expiry dates on retail gift cards and governing fees received royal assent on December 7, 2006. Consultation on the regulations commenced with the release of a discussion paper in March 2007.
- Legislation to protect retirement savings held in registered retirement savings plans, registered income funds and deferred profit sharing plans from most creditors received royal assent on December 7, 2006.
- Amendments to *The Consumer Protection Act* to limit the amount that can be charged to cash a government cheque received royal assent on June 13, 2006. A regulation designating the Manitoba Housing Authority, the Manitoba Housing and Renewal Corporation, the Manitoba Public Insurance Corporation and the Workers Compensation Board as government agencies under the legislation was passed September 6, 2006. The Public Utilities Board held hearings to establish the fee on December 14, 18, 19, 2006 and March 8, April 16 and 17, 2007.
- *The Personal Investigations Act* was amended to give consumers a tool to protect themselves against identity theft by filing a security alert on their credit reporting agency file. Work began on regulations.
- Consulted with a review group representing unit owners, property managers, lawyers, engineers, architects, realtors and lenders on various issues regarding *The Condominium Act*.
- Continued consultations with builders, insurers and others regarding warranty programs and other methods of reducing the risk of structural defects and other construction issues regarding condominiums.
- Supported the Minister and Deputy Minister with regard to continued work with the other Provinces and Territories on securities regulatory reform, including planning for Phase 2 of the passport system and amendments to *The Securities Act* to harmonize and streamline with the other provinces and provide tools for phase 2 of the passport system.
- Provided information on a wide range of topics such as housing starts, vacancy rates in rental housing, rent levels in other Canadian cities, expenditures made by landlords to improve rental properties, gasoline prices in Winnipeg and across Canada, rental housing repair programs in Saskatchewan, new home warranty programs in other provinces, rental security deposit interest rates and reverse mortgage legislation of other provinces.
- Managed Consumer and Corporate Affairs Division program responsibilities within budget.

8 (a) Administration and Research

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	771.1	10.78	913.4	(142.3)	
Other Expenditures	243.7		240.5	3.2	
Less: Recoverable from Other Appropriations	(210.0)		(228.8)	18.8	
Total Sub-Appropriation	804.8	10.78	925.1	(120.3)	

Consumers' Bureau

Functions of the Consumers' Bureau

The Consumers' Bureau provides programs in support of Manitoba consumers and businesses and:

- administers *The Business Practices Act, The Consumer Protection Act, The Personal Investigations Act,* The Bedding and Other Upholstered and Stuffed Articles Regulation of *The Public Health Act, The Charities Endorsement Act, The Hearing Aid Act* and Part III Reserve Mortgage Loans of *The Mortgage Act;*
- licenses/registers/grants certifications or authorizations to vendors and individual sellers engaged in direct selling; collection agencies and collectors; hearing aid dealers; charities fundraising in Manitoba; and manufacturers or renovators of stuffed articles;
- provides a medium for the mediation and investigation of consumer complaints;
- takes action as appropriate concerning prosecution of offenders under the statutes administered;
- identifies problems and issues in the marketplace and makes recommendations to amend legislation under its mandate as required;
- informs and educates consumers, businesses, service groups, consumer groups and student organizations regarding their rights and responsibilities as well as potential risks in the marketplace; and
- consults with other departments, agencies and organizations in Manitoba, Canada and internationally on current issues.

The Consumers' Bureau administers the following statutes:

- *The Business Practices Act*
- *The Consumer Protection Act*
- *The Personal Investigations Act*
- Bedding and Other Upholstered and Stuffed Articles Regulation of *The Public Health Act*
- *The Charities Endorsement Act*
- *The Hearing Aid Act*
- Part III Reverse Mortgage Loans of *The Mortgage Act*

In the administration of the statutes stated above, the Consumers' Bureau operates in five main areas:

- Dispute resolution/investigation
- Licensing and registration
- Special investigations
- Information/education
- Administration/legislative review

While each program represents a group of activities with a common objective, all staff are involved in all areas. As an example, all staff provide information/education to clients. Similarly, all staff offer input and effort resulting in recommendations to make changes to legislation.

Dispute Resolution/Mediation

The dispute resolution/investigation program provides an important tool in monitoring the marketplace. Problems are often reported to the Consumers' Bureau in the form of complaints or inquiries. In response, the Bureau investigates and mediates complaints involving retail transactions of goods or services, financing contracts, collection practices, advertising, and credit reporting.

Dispute resolution/investigation officers consider the statutory rights and responsibilities of both sides of transactions when attempting to bring parties to an agreement.

Dispute resolution/investigation includes Bureau assistance to consumers and businesses with respect to making claims against the bonds of licensed vendors or collection agents. This may arise after a business failure or in situations where vendors or collection agents do not comply with the requirements of *The Consumer Protection Act*. During 2006/2007 the Bureau was successful in obtaining voluntary compliance to legislation by licensed businesses in all situations where complaints were received. This resulted in no need to forfeit any bonds.

In addition to legislation administered by the Bureau, officers must have knowledge of other statutes such as *The Garage Keepers Act, The Distress Act, The Builders' Liens Act, The Repair Shops Act* and *The Sale of Goods Act*. These Acts may be used in the dispute resolution process.

In 2006/2007, the Consumers' Bureau handled 34,950 telephone and e-mail inquiries from consumers and businesses requesting assistance. Disputes are often resolved over the phone or through e-mail by staff without requiring a formal written complaint. During the same period, 629 people came to the Bureau in person to request assistance or to initiate a formal complaint.

The number of complaints registered with the Bureau varies from year to year. In 2006/2007, 1,553 formal written complaints (inclusive of 218 complaint files carried over from 2005/2006) were handled, with home improvement complaints and automotive complaints registering the highest numbers.

The Consumers' Bureau obtained cash settlements or adjustments for consumers totaling $367,085.62 in 2006/2007. The Bureau has a well established record of success in resolving disputes and strives to maintain a high standard through fair and accurate application of knowledge of contracts, relevant legislation and skill in dispute resolution.

Consumer Services Officers handling complaints may identify breaches of consumer protection statutes such as unfair business practices in consumer transactions or misleading advertising. Officers often use mediation as a tool to bring a business into compliance with legislation. When compliance with statutes is not obtained, or where frequent statutory breaches have been identified, referral is made to the special investigation process of the Bureau.

ANALYSIS OF COMPLAINTS

Complaint Type	2006/2007	2005/2006
Automotive	243	272
Home Improvements	272	233
Financial	174	191
Personal Effects And Services:		
Hardware and Software	114	137
Personal Services	66	48
Personal Effects	7	8
Mover/Storage	12	19
Personal Improvement	60	62
Home Furnishings And Accessories:		
Home Furnishings and Accessories	97	85
Home Entertainment	19	21
Mail Order And Subscriptions	17	28
Travel	31	67
Other:		
Telemarketing	6	5
Charities	21	19
Other [1]	414	401
Total	**1,553**	**1,596**

1. *Includes food sales, entertainment, coupon books, lotteries, prizes, hobby products, towing companies, parking facilities, mobile homes and residential dwellings. This category also includes complaints/inquiries regarding the "Nigerian-type Scam" and the "Phishing-type scam".*

Licensing and Registration

The Consumer Protection Act regulates vendors and direct sellers, collection agents and collectors through licensing and bonding requirements. Under *The Consumer Protection Act,* consumers who enter into contracts as a result of a direct sale have a 10-day cancellation right. There are other cancellation rights of up to one year provided to consumers where vendors have not complied with certain requirements specified in the Act.

Licences, Registrations and Authorizations

Type	2006/2007	2005/2006
Collection Agent	80	75
Vendors	170	165
Direct Seller	1,711	1,782
Hearing Aid Dealers	56	61
Bedding and Upholstery	2,176	1,917
Collectors	3,296	2,722
Charities Authorized	205	228
Total	**7,694**	**6,502**

Special Investigations

One of the goals of the Consumers' Bureau is a level playing field in the marketplace for consumers and businesses. The Bureau is often successful in obtaining voluntary compliance with its statutes through mediation. There are instances where investigations of breaches of the various Acts are necessary. Following investigation, some matters are referred to the Justice Department for prosecution or other court action as appropriate. The Crown may also seek redress in court for consumers who have been victimized. As alternatives to prosecution, investigations may result in obtaining assurances of voluntary compliance, orders to freeze assets, or injunctions prohibiting certain actions.

In 2006/2007, one charge of committing an unfair business practice under *The Business Practices Act* was laid. The individual pled guilty and was fined $5,000.00. He was also ordered to pay restitution in the amount of $5,601.00.

A brief involving a roofing contractor was forwarded to the Crown for consideration of the laying of two charges under *The Consumer Protection Act* for selling without a license and three charges of committing unfair business practices under *The Business Practices Act*.

The Special Investigations unit maintains a close working relationship with departments and agencies of all three levels of government. As well, investigations benefit from the ongoing support and exchange of information with Industry Canada, the Winnipeg Police Service, Brandon Police Department, RCMP and Project Phonebusters. The Consumers' Bureau was instrumental in 2006/2007 in identifying a number of possible offenses to other enforcement authorities. This resulted in charges under the *Criminal Code* and investigations under the *Competition Act*.

By effective investigations of breaches of statutes and prompt application to the court, the Bureau protects consumers from unfair business practices and ensures a healthier marketplace for businesses to compete fairly.

Information/Education

Consumers' Bureau staff provided 24 presentations to more than 750 Manitobans in 2006/2007. General information presentations were made to a number of English Second Language classes at Red River College, to the Consumer Issues class at the University of Manitoba and to Grade 12 students at Collège Jeanne-Sauvé and West Kildonan Collegiate. General information presentations were also made to groups at Villa Youville Inc., the Independent Living Resource Centre and Community Legal Education Association. General information presentations were made at the annual general meeting of the Manitoba Urban Native Housing Association, Inc., at a meeting of the Kildonan Business Club, and at a Law in the 21st Century teachers' conference. Presentations on the role of the Consumers' Bureau and licensing requirements were made to the Board of Directors of the Brandon Exhibition, and to staff at the Brandon Municipal Offices. A presentation on payday loans was made to a group at the Aboriginal Headstart Program. A presentation on identity theft was made at the Home Economics Association's annual meeting. Presentations on the new cost of credit disclosure legislation were made at the Manitoba Motor Dealers Association's regional meetings held in Winkler, Brandon and Winnipeg, and at the Manitoba Motor Dealers Association's Conference.

The Bureau set up booths at Information Fairs for seniors held in Ste. Anne, St. Adolphe, Ste Agathe, La Broquerie, St. Pierre Jolys, St. Jean-Baptiste, St. Malo and Steinbach where seniors were provided with general consumer protection information and advice about their concerns. The Bureau also had a booth at the Healthy Living Exhibition for Seniors, held in Winnipeg, where participants were given an opportunity to discuss their concerns and obtain general consumer protection information.

The Bureau also set up booths at the Northern Association of Community Councils, Inc. general meeting and trade show, and at the Aboriginal Career Exploration Fair where general advice and information on rights and responsibilities under the legislation administered by the Consumers' Bureau was provided to participants.

The Consumers' Bureau, in partnership with, the Manitoba Seniors and Healthy Aging Secretariat, the RCMP, the Winnipeg Police Service, Manitoba Public Insurance, the Residential Tenancies Branch, The Manitoba Securities Commission, the Manitoba Gaming Control Commission, the Competition Bureau, the Canada

Revenue Agency, and the Addictions Foundation of Manitoba, completed a consumer tips calendar for distribution to consumers. It features a different consumer topic each month and provides tips and information on a variety of subjects including identity theft, charitable giving, lottery scams, fraudulent weight-loss or fitness claims, being financially responsible, financial abuse, the Citizens on Patrol Program, residential tenancies, motor vehicle immobilizers, home renovations, residential home security and gambling. 28,000 copies of the calendar were distributed to various seniors' organizations and consumer groups as well as individual consumers.

The Consumers' Bureau regularly receives calls from the media about specific consumer problems or marketplace issues. In 2006/2007 there was a total of 14 media contacts on the topics of changes to *The Personal Investigations Act*, car buying and leasing, hiring a contractor, warranties, hiring a moving company, charitable fundraising, refunds and exchanges, holiday shopping, prepaid services, and collectors and collection practices. Senior Bureau staff participate in television, radio and print interviews in response to media inquiries and utilize these opportunities to communicate information to consumers and businesses about their rights and responsibilities under its consumer protection legislation.

News releases continued to be used as a proactive measure. The releases contained timely information about certain problems being encountered and current issues in the marketplace. They informed consumers and businesses of their rights and responsibilities and offered information on steps to take to prevent problems.

A total of 8 news releases were issued in 2006/2007. Topics included, home renovations and repairs, buying or leasing vehicles, rights and responsibilities when holiday shopping, and the 2007 Protect Yourself calendar. There were also two announcing changes to *The Personal Investigations Act* (including changes to protect consumers from identity theft), another announced proposed legislation to regulate gift cards and one advised of the passing of payday loan amendments.

Administration/Legislative Review

The administration/legislative review program effectively manages the internal operation of the Consumers' Bureau, including the management of financial and human resources within the branch. All staff participate in the business planning, policy reviews and legislative reviews of the Acts administered.

The Consumer Protection Amendment Act (Government Cheque Cashing Fees) received Royal Assent on June 13, 2006. This legislation will limit the amount that businesses can charge consumers for cashing government cheques. The Public Utilities Board held hearings into the maximum rates that can be charged to cash a government cheque. The legislation will be proclaimed following the issuing of the Public Utilities Board order.

On June 9, 2005 *The Consumer Protection Amendment Act (Cost of Credit Disclosure and Miscellaneous Amendments)* received Royal Assent. *The Consumer Protection Regulation* for those amendments was registered on November 21, 2006. These changes, which take effect April 1, 2007, fulfill Manitoba's commitment to harmonize this area of legislation under the Agreement on Internal Trade.

The Consumer Protection Amendment Act (Payday Loans) received Royal Assent on December 7, 2006. This legislation provides a regulatory framework under which payday loan companies are required to operate. The legislation is to take effect once the Public Utilities Board sets limits to costs relating to these types of loans.

The Personal Investigations Amendment Act (Identity Protection) received Royal Assent on December 7, 2006. These changes help protect consumers from identity theft. Regulations are being developed to assist in the administration of the legislation.

The Consumer Protection Amendment Act (Prepaid Purchase Cards) received Royal Assent on December 7th, 2006. Regulations will be developed to address the issues of expiry dates, fees, and disclosure of terms and conditions on gift cards and certificates. Public consultation on the regulations began in March 2007 with the release of a discussion paper.

Senior Consumers' Bureau staff participate in the federal, provincial and territorial Consumer Measures Committee (CMC). The CMC provides a forum for national co-operation to improve the marketplace for Canadian consumers by harmonization of laws, regulations and practices and through actions to raise public awareness.

8 (b) Consumers' Bureau

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,009.1	16.00	1,057.8	(48.7)	
Other Expenditures	264.8		262.5	2.3	
Grants	99.6		88.7	11.1	
Total Sub-Appropriation	**1,373.7**	**16.00**	**1,409.0**	**(35.3)**	

Residential Tenancies Branch

The branch administers:

- *The Residential Tenancies Act*
- *The Life Leases Act*
- *The Condominium Act*

The Residential Tenancies Branch:

- provides information to landlords, tenants and others on *The Residential Tenancies Act, The Life Leases Act* and *The Condominium Act*;
- investigates complaints of non-compliance with the legislation;
- mediates disputes between landlords and tenants;
- makes decisions on disputes between landlords and tenants about:
  - security deposits
  - repairs
  - terms and conditions of a tenancy agreement or life lease
  - the right to continue in occupancy, including termination for non-payment of rent and noise and disturbance
  - claims for compensation
  - privacy
  - non payment of utilities
  - life lease entrance fees
- makes decisions on landlords' applications for rent increases above the guideline and tenants' objections to any rent increases.

Mediation

The branch provides mediation service to help landlords and tenants resolve disputes. If the parties come to an agreement, the branch creates a written Mediated Agreement outlining the terms. If one of the parties defaults on the agreement the branch can issue a certified Order that can be enforced in the courts. During 2006/2007 the branch wrote 2,374 Mediated Agreements. Of those, 461 were later converted to an Order.

Information/Education

Telephone Calls/Interviews

The branch's Winnipeg office has an Interactive Voice Response System (IVRS). Callers have the option of:

- speaking to a Client Service Officer;
- listening to recorded information segments about rent increases, security deposits, landlord and tenant responsibilities and repairs;
- having fact sheet information automatically faxed to them;
- calculating the interest payable on a security deposit;
- adding their name to the mailing list for the branch's newsletter;
- listening to recorded information on the branch's location and hours of business.

The IVR system handled 62,321 phone calls in the 2006/2007 fiscal year; approximately 41,508 of the callers chose to speak to a Client Service Officer. Staff in Brandon and Thompson answered an additional 6,225 calls from clients. These figures do not include calls to the branch about specific cases. During the fiscal year, approximately 3,968 people came to Branch offices to request information or to file a formal complaint.

Website

The Residential Tenancies Branch's website www.manitoba.ca/rtb provides answers to several frequently asked questions. The information is available in English and French. Landlords and tenants can download the most commonly used residential tenancy forms. The website also has an automated security deposit interest calculation feature. The website includes the branch's Policies and Procedures Guidebook and links to *The Residential Tenancies Act* and *The Life Leases Act*. The website had 126,594 visits (logons) from April 1, 2006 to March 31, 2007.

Rent Status

Anyone who is considering the purchase of a rental property can apply to the Residential Tenancies Branch for a rent status report. A rent status report provides information on a property's rent history and can alert people to potential rent increase problems. The application and authorization forms can be downloaded from the website. In 2006/2007, the branch received 137 and closed 133 applications for rent status reports. These applications involved 165 buildings with 4,885 rental units.

Orders System

The Residential Tenancies' Orders System is also available online. The Orders System provides information on the orders the branch issues, except for rent regulation orders. Clients can access the system by:

- paying an annual subscription fee of $250 and receiving a password; or
- paying a fee to search online at the branch; there is a $5 charge for each 30 minute search.

Users can search the system by landlord or tenant name or by the address of a residential complex.

Policies and Procedures Guidebook

The branch has a Policies and Procedures Guidebook, available in both English and French, to assist landlords, tenants and staff. The guidebook provides guidance on those areas not specifically dealt within *The Residential Tenancies Act*. It also sets out the procedures for how the branch handles most of the issues landlords and tenants refer to the branch. The guidebook has 13 sections on topics like: security deposits, rent regulation, mediation, hearings and repairs. The branch offered copies of the guidebook to various landlord and tenant organizations and to all major libraries in other provinces as well as to our universities and colleges. The guidebook is available on the branch's website.

Speaking Engagements

In 2006/2007, staff of the Residential Tenancies Branch gave 23 presentations to 298 tenant participants and 5 presentations to 125 landlord participants. The branch also did 15 presentations for student groups. These sessions involved 225 participants, including English as a Second Language, law and social work students as well as mature Aboriginal students. The branch also made 13 presentations for 598 service providers including Employment and Income Assistance caseworkers, Manitoba Housing Authority property managers and caretakers, and, Manitoba Urban Native Housing Authority staff. The branch had information booths at the Rotary Club's Career Symposium, the Manitoba Bar Association's Law Day Open House, The University of Manitoba's orientation and training week, the Northern Aboriginal Community Council Members Conference, the Aboriginal Career Exploration Fair and the Professional Property Managers Association's "Suite Living". Staff had the opportunity to speak with over 500 people at these displays.

Branch Newsletter

The branch continues to publish its newsletter, "Open Doors". The newsletter provides information on changes to the legislation or Branch procedures and includes articles on topics of interest to landlords and tenants. Anyone interested in receiving the newsletter can add their name to the mailing list by calling the branch or visiting the branch's website. The branch has approximately 1,800 people on its mailing list. Clients can choose to receive the newsletter by mail or email. The newsletter is also available on the website.

Parts 1 - 8 of *The Residential Tenancies Act*

CASE LOAD

Case Type	2006/2007	2005/2006
Security Deposits	864	911
Hearings		
• Claims	1,307	1,449
• Order of Possession	1,763	1,891
• Determination	21	34
Repairs	815	877
Notices to Vacate [1]	43	40
Non-payment of Utilities	136	122
Tenancy Agreements [1]	11	16
Failure of Landlord/Tenant to Meet Obligations [1]	47	50
Other [2]	14	29
Total Cases Opened	5,021	5,419
Total Cases Closed [3]	5,512	6,825
Intakes Resolved [4]	5,699	4,647
Total Cases Closed And Intakes Resolved	**11,211**	**11,472**

1. This category includes disputes over locks and doors, privacy, seizure of tenant's property, non-payment of rent, disturbance, withholding of services, unauthorized charges or fees.
2. This category includes disputes involving assignment and subletting, mobile homes, entitlement to collect rent, change of landlord and abandonment of rental unit.
3. These figures include cases carried over from the previous fiscal year which were closed during the reporting period.
4. An *Intake* is a client's request for assistance that does not result in a formal case file being opened. Most are resolved informally at the first stage of contact. A primary goal of the branch's re-engineering plan is to increase its emphasis on this type of dispute resolution.

Part 9 of *The Residential Tenancies Act*

CASE LOAD

Case Type	2006/2007	2005/2006
Landlord Application for Rent Increase Above the Guideline [1]	328	292
Application for Laundry Increase	20	17
Application for Approval of a Rehabilitation Scheme	21	24
Application for Tenant Requested Improvement	15	18
Application for Withdrawal of Service	12	13
Rent Increase for New Tenants–S.132	25	11
Tenant Objection to Guideline, or less, Rent Increase	136	110
Unauthorized Rent Increases	485	462
Total Cases Opened [2]	1,042	975
Total Cases Closed [2,3]	1,192	935

(1) The rent increase guideline for 2005 was 1.5%, 2.5 % for 2006 and 2.5% for 2007.
(2) This total includes Winnipeg, Brandon and Thompson offices.
(3) These figures include cases carried over from the previous fiscal year which were closed during the reporting period.

Note:
The figures shown here may differ from those in the annual report on the administration of *The Residential Tenancies Act*. This difference results from using figures based on the calendar year versus the fiscal year.

Performance Standards

The branch has performance standards for the time required to complete a case. In early 2005, the branch temporarily reset the standards and extended the time expected to complete a case. This was necessary because:

- Staff were learning a new way to perform their duties as a result of the introduction of the new case management system;
- For a period of time, many staff members were testing the new electronic system with real cases as well as running a duplicate manual case file for back-up;
- Some staff members have been completely dedicated to the work of implementation and ongoing development of the case management system. This reassignment resulted in increases to the workload of the other staff.

The branch holds hearings to consider claims for compensation and applications for orders of possession. The interim target for issuing decisions on orders of possession is within three working days of the hearing date. During the 2006/2007 fiscal year, the branch's average time for issuing decisions on orders of possession was two working days.

The interim performance target for issuing compensation claim decisions is within twelve weeks of the hearing date. During the 2006/2007 fiscal year, the branch's average time for issuing decisions on claims was approximately 33 working days.

When a landlord makes a claim for the security deposit plus interest or less, the branch tries to help the tenant and landlord come to an agreement. If they can't agree, they can ask the branch to make a decision on the claim. The branch usually makes a decision on this type of claim by reviewing written information and other submissions. The interim performance target for issuing these orders is six months. Currently the average time to complete the entire process is three months.

For an application for rent increase above the guideline the interim target is to issue a decision within 180 days or six months of the date the branch receives the application. During 2006/2007, 10% of cases were closed within 90 days and 32% within 180 days.

Safety Net Program

The Safety Net Program's main purpose is to help people with special needs that are being evicted. These include the mentally and physically handicapped, the elderly and infirm, single parents or families with children. The safety net program may also be used when the Health Department placards a building or there is some other unsafe living condition.

When the branch issues an order of possession, a safety net officer reviews the case. If the officer believes the tenant has special needs, the officer contacts the tenant to make sure they understand the order of possession and they know where to go to for assistance. In some cases, the officer might contact an appropriate social services agency. For example, if the tenant is a single parent on social assistance, the safety net officer might contact the tenant's worker to let them know what's happening and to make sure the tenant will receive moving expenses and temporary accommodation, if necessary.

The safety net officer has contacts with mental health workers, Employment and Income Assistance, the City of Winnipeg and Provincial Health Departments, the City of Winnipeg Police Department's Community Relations and Community Credit Counseling Services.

5 (c) Residential Tenancies Branch

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Exp. No.
Salaries and Employee Benefits	3,533.8	60.50	3,804.0	(270.2)	
Other Expenditures	803.4		926.6	(123.2)	
Total Sub-Appropriation	**4,337.2**	**60.50**	**4,730.6**	**(393.4)**	*1*

1. *Under expenditure is due to delay in the implementation of the Residential Tenancies Amendment Act related to the rehabilitation of rental units and position vacancies.*

Financial Institutions Regulations Branch

The Financial Institutions Regulations Branch administers legislation related to insurance companies, trust and loan corporations, credit unions and caisses populaires and cooperatives.

The mandate of the branch is to:

- provide a legislative and regulatory framework to promote the orderly growth and development of cooperatives, credit unions and caisses populaires, and the insurance industry in Manitoba;
- protect the public while facilitating the transaction of the business of insurance;
- regulate and license private insurance companies;
- license hail insurance agents, hail insurance adjusters and accident and baggage insurance agents.
- Oversee the Insurance Council of Manitoba in its role to license and supervise the activities of all other insurance agents and adjusters;
- issue business authorizations to trust and loan corporations to do business in Manitoba;
- provide a legislative and regulatory framework to safeguard the funds gathered from the public and ensure the prudent investment of those funds;
- protect members of cooperatives, credit unions and caisses populaires through the administration of *The Cooperatives Act*, *The Credit Unions and Caisses Populaires Act* and corresponding regulations;
- monitor the financial and operational performance of the Credit Union Deposit Guarantee Corporation, La Société d'assurance-dépôts des Caisses Populaires, The Credit Union Central of Manitoba and La Fédération des Caisses Populaires du Manitoba;
- maintain a registry for cooperatives, credit unions and caisses populaires, assist with the incorporation of such entities and provide advice on statutory matters including issuing securities to members; and
- review existing legislation and recommend changes where appropriate.

The Financial Institutions Regulation Branch administers the following statutes:

- *The Cooperatives Act*
- *The Credit Unions and Caisses Populaires Act*
- Part XXIV of *The Corporations Act* (Trust and Loan Corporations)
- *The Insurance Act*
- *The Insurance Corporations Tax Act*, and
- *The Marine Insurance Act*.

In addition, the tax under the regulations of *The Fires Prevention and Emergency Response Act* is collected on behalf of the Fire Commissioners Office.

To accomplish its mandate the branch engaged in the following activities:

Inquiries

- Answered inquiries of a general nature about financial institutions, financial services and cooperatives.
- Answered questions from financial institutions and cooperatives on the legislative and regulatory requirements in Manitoba.
- Responded to inquiries and complaints from consumers and members.
- Mediated disputes between consumers and insurance companies and between members and their cooperative, credit union or caisses populaire with 115 complaint files processed.

Monitoring of Financial Institutions

- Assessed the financial performance and operations programs of Credit Union Central of Manitoba and La Fédération des Caisses Populaires du Manitoba Inc.
- Assessed the adequacy of controls for lending and other risks in the credit union and caisses populaires systems.
- Assessed the financial performance and the effectiveness of the programs carried out by The Credit Union Deposit Guarantee Corporation and La Société d'assurance-dépôts des caisses populaires.
- In partnership with the Office of the Superintendent of Financial Institutions Canada, inspected for Solvency the 6 Manitoba Insurers.
- Prepared the Annual Report on Insurance companies required by The Insurance Act.
- Reviewed the annual returns from 51 federal and extra-provincial trust and loan corporations operating in Manitoba and reviewed areas of concern with the primary regulators from the incorporating jurisdictions.

Licensing and Business Authorizations

- Licensed insurance companies to transact insurance in Manitoba.
- Licensed hail insurance agents, accident and baggage insurance agents and hail adjusters.
- Reviewed and approved amended business authorizations for federal and extra-provincial trust and loan corporations operating in Manitoba.

Incorporation

- Assisted in the incorporation process of new cooperatives, as well as in amending the articles of incorporation and by-laws of cooperatives.
- Assisted in the amending of the articles and by-laws of credit unions and caisses populaires.
- Developed information kits and model bylaws for different types of cooperatives.

Other

- Monitored the regulatory activities of the Insurance Council of Manitoba. The Insurance Council of Manitoba has delegated responsibility for setting entry level standards, examinations and licensing of insurance agents, brokers and adjusters and for reviewing and investigating the conduct of these persons and taking disciplinary action as required.
- Arranged and assisted the Tribunal hearings for terminations of memberships of members of housing cooperatives.
- Maintained a central registry for the orderly filing of all documents required under *The Credit Unions and Caisses Populaires Act* and *The Cooperatives Act*.
- Continued consultation to recommend amendments to *The Credit Unions and Caisses Populaires Act* and regulations.
- Continued the consultation to recommend amendments to *The Insurance Act*.
- Collected the premium tax under *The Insurance Corporations Tax Act*.
- Collected the tax under *The Fires Prevention and Emergency Response Act*.

Client Services

Monitored stakeholders' satisfaction by surveying each insurance company and one of every three consumers that came into contact with the branch as a result of the mediation role. The result was a satisfaction rate of 83%.

Trust and Loan Corporations

As at March 31, 2007 there were 51 federal and extra-provincial trust and loan corporations operating in Manitoba.

Credit Unions/Caisses Populaires

Following are the consolidated statistics from the credit union and caisses populaires systems operating in Manitoba at December 31:

Credit Unions	2006	2005
Total Assets	$11.5 billion	$10.1 billion
Total Deposits	$10.7 billion	$9.4 billion
Total Loans	$9.4 billion	$8.5 billion
Members	527,000	522,000
Number of credit unions/locations	57/180	57/178

Caisses Populaires	2006	2005
Total Assets	$652 million	$614 million
Total Deposits	$597 million	$563 million
Total Loans	$545 million	$521 million
Members	30,746	30,700
Number of caisses populaires/locations	7/28	7/28

Cooperatives

As at March 31, 2007 there were 353 cooperatives with over 330,000 active members operating in Manitoba categorized as follows:

Classification of Cooperatives	2007	2006
Housing	58	59
Consumer	60	60
Day-care	41	41
Community Service	27	26
Utility	36	35
Marketing	32	35
Recreational and community clubs	29	28
Farmers Markets	9	9
Agriculture/Producer	18	17
Cattle Feeders	10	10
Employment	17	15
Fishing	9	8
Communications and Transportation	7	8
Total	**353**	**351**

During 2006/2007, 19 new cooperatives were incorporated or revived while 16 cooperatives were dissolved or were discontinued.

Insurance

Summary comparisons of licensing and complaint activities performed by the branch and Insurance Council of Manitoba are as follows:

LICENSING OF INSURANCE COMPANIES		
Description	**2006/2007**	**2005/2006**
Federal	214	214
Provincial	44	42
Total	**258**	**256**

LICENCES ISSUED BY SUPERINTENDENT OF INSURANCE OFFICE		
Description	**2006/2007**	**2005/2006**
Hail Agents	306	332
Accident and Baggage Agents	638	623
Miscellaneous Agents	4	4
Subtotal Agents	**948**	**959**
Hail Adjusters	64	67
Special Brokers Licences	5	5
Total	**1,017**	**1,031**

LICENCES ISSUED BY INSURANCE COUNCIL OF MANITOBA		
Description	**2006/2007**	**2005/2006**
Life Agents	2,458	2,346
General Agents	2,919	2,789
Accident and Sickness Agents	1,887	1,739
Automobile Agents	4	5
Subtotal Agents	**7,268**	**6,879**
Adjusters	70	67
Assistant Adjusters	15	10
Subtotal Adjusters	**85**	**77**
Total	**7,353**	**6,956**

LICENCES CANCELLED, SUSPENDED, REVOKED OR REFUSED BY INSURANCE COUNCIL OF MANITOBA

Description	2006/2007	2005/2006
Agent Licences Cancelled	5*	39
Agent Licences Suspended	0	0
Agent Licences Revoked	0	0
Agent Licences Refused	0	3
Suspension, fines and costs	2	1
Suspension and costs	0	2
Costs only	1	0
Fines and costs	17	7
Total	**25**	**52**

* 1 cancelled due to failure to carry errors and omissions insurance and 4 were cancelled due to failure to complete level of upgrading.

INSURANCE AGENT AND ADJUSTER LICENCING EXAMINATIONS BY INSURANCE COUNCIL OF MANITOBA

	WRITTEN		PASSED		FAILED	
	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006
Life	428	427	305	341	123	86
General	48	51	8	11	40	40
Accident & Sickness	14	19	9	14	5	5
Subtotal Agents	**490**	**497**	**322**	**366**	**168**	**131**
Adjusters	15	9	9	8	6	1
Total	**505**	**506**	**331**	**374**	**174**	**132**

ANALYSIS OF COMPLAINTS - PART ONE

	LIFE		ACCIDENT & SICKNESS		ANNUITIES – RRSPs		PERSONAL LINES/ TENANTS and HOMEOWNERS		COMMERCIAL LINES	
Description	**2006/2007**	**2005/2006**	**2006/2007**	**2005/2006**	**2006/2007**	**2005/2006**	**2006/2007**	**2005/2006**	**2006/2007**	**2005/2006**
Claims	11	6	32	34	0	0	23	25	3	2
Application Rejected/ Renewal Refused	1	1	0	1	0	0	2	4	0	0
Premium Payments	12	14	1	1	0	1	3	3	1	1
Claim Tactics	0	0	0	1	0	0	0	0	0	0
Selling Tactics	2	0	1	0	0	0	1	0	0	1
Sales Promotion and Advertising	0	0	0	0	0	0	1	0	0	0
Rebating	0	0	0	0	0	0	0	0	0	0
Miscellaneous	1	2	0	3	0	0	1	0	0	0
Totals	**27**	**23**	**34**	**40**	**0**	**1**	**31**	**32**	**4**	**4**

ANALYSIS OF COMPLAINTS - PART TWO

	HAIL		TRAVEL		FARM		MISCELLANEOUS LINES – LIVESTOCK, BAGGAGE, WARRANTIES, EXTENDED AUTO COVERAGE ETC.	
Description	**2006/2007**	**2005/2006**	**2006/2007**	**2005/2006**	**2006/2007**	**2005/2006**	**2006/2007**	**2005/2006**
Claims	1	0	2	3	2	0	0	0
Selling Tactics	2	1	0	0	0	0	0	0
Sales Promotion and Advertising	0	0	0	0	0	0	0	10
Miscellaneous	1	0	1	0	0	0	10	24
Totals	**4**	**1**	**3**	**3**	**2**	**0**	**10**	**24**

COMPLAINT STATISTICS - INSURANCE COUNCIL OF MANITOBA		
Description	**2006/2007**	**2005/2006**
Number of Complaints Opened	93	81
Number of Complaints Dealt With	94	89
Number of Complaints Outstanding at March 31	23	24

NEW COMPLAINTS PER COUNCIL		
Description	**2006/2007**	**2005/2006**
Adjusters Council	7	11
General Council	29	25
Life Council	57	45

8 (d) Financial Institutions Regulations Branch

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	709.8	11.50	731.5	(21.7)	
Other Expenditures	181.1		261.2	(80.1)	1
Total Sub-Appropriation	**890.9**	**11.50**	**992.7**	**(101.8)**	

1. *Under expenditure is due to lower professional fees as well as reduced travel and related costs for the Office of Superintendent of Financial Institutions.*

Claimant Adviser Office – Automobile Injury Compensation Appeals

The Claimant Adviser Office (CAO), established under the *Manitoba Public Insurance Corporation Act* (the Act) in 2004, officially opened for business on May 16, 2005. CAO assists persons who wish to appeal a decision made by the Manitoba Public Insurance Corporation (the Corporation) in relation to bodily injury claims to the Automobile Injury Compensation Appeal Commission (the Commission). The CAO is independent from the Manitoba Public Insurance Corporation and the Commission.

The Claimant Adviser Office is fully accessible to persons with disabilities and offers its services in both official languages. A public access computer workstation is available at the office for the use of claimants who are working with the CAO. The office is staffed by two claimant advisers, an administrative officer and a director.

The 2006/2007 fiscal year was the first full year of operation for the Claimant Adviser Office.

The Appeal Process

A claimant who disagrees with a case manager's decision in respect of a bodily injury claim may have that decision reviewed by MPIC's Internal Review Office. A decision of an internal review officer may be appealed to the Automobile Injury Compensation Appeal Commission.

A claimant who is appealing a decision of an internal review officer is entitled to seek the assistance of the Claimant Adviser Office. A claimant who has completed an intake form and authorized the CAO to act for

them is assigned a claimant adviser to assist them with their appeal. Under the Act, the CAO may:

- advise a claimant about the meaning and effect of the provisions of the Act, the regulations and decisions made under this Act;
- carry out investigations or inspections in relation to a claim;
- obtain an expert opinion respecting a claim; and
- communicate with or appear before the Commission on behalf of an appellant.

Once a claimant has filed a Notice of Appeal with the Commission, the Commission creates an indexed file which forms the basis of the appeal. Upon receipt of the indexed file, the CAO will review the file and assist the claimant with the pursuit of their appeal.

Activity Summary

In 2006/2007 the CAO processed 265 files. 135 new intake files were opened and an additional 130 files were investigated and processed.

As of March 31, 2007, the CAO had a total of 293 open files, which includes a carry over of files from the previous year. 50 of the files were in a pending status, requiring additional information. 69 of the files were awaiting completion of the indexed file by the Commission. There were 174 active files assigned to claimant advisers for review, investigation and appeal preparation.

A total of 93 files were closed in the 2006/2007 fiscal year.

File Analysis

Closed Files	2006/2007
No appealable issue	55
Appeal allowed	2
Appeal denied	7
Settlement (No hearing)	2
New decision from MPIC	10
Withdrawn after review	17
Total	**93**

Status Of Open Files	2006/2007
Claimant application incomplete	50
CAO awaiting Indexed File	69
Active files	174
Total	**293**

Status Of Active Files	2006/2007
Decision pending	7
Hearings adjourned	4
Hearing dates requested	5
Hearings scheduled	10
Files under active review	84
Files awaiting review	64
Total	**174**

Appeal Hearing Dates	2006/2007
Appeal Hearing dates	20
Pre-Hearing dates	20
Adjourned hearing dates	19
Total	**59**

In addition to service delivery to claimants, the CAO made a presentation about its services to the Manitoba Bar Association in 2006/2007.

Performance Targets

A number of variables affect setting and achieving performance targets for the Claimant Adviser Office. There is a great variety in the size and complexity of the files. The majority of files contain multiple issues being appealed.

Preparation for an effective appeal can also be complex. In the typical case it is necessary for the CAO to obtain reports from the claimant's caregivers. In some cases it is optimal to obtain a specialist's opinion to support the appellant's case. This may require the claimant to wait for an appointment to attend a busy specialist. The time spent to obtain a consultation with often very busy specialists can be considerable and cannot be controlled by the CAO.

Within these acknowledged constraints, the Claimant Adviser Office established the following performance targets for its first full year of operations 2006/2007.

- Files shall be assigned to a claimant adviser within four weeks of first contact by an appellant with the office.
- The claimant adviser assigned to a file shall contact a claimant within one week and explain the appeal process and to provide tentative time lines.
- The claimant adviser assigned to a file shall, within two weeks of receiving the indexed file from the Commission, review the indexed file and develop an action plan for the claim.
- The claimant adviser assigned to a file shall seek an appeal date within six months of receipt of the indexed file.

Sixty-seven percent of client files were assigned to claimant advisers within four weeks of contact with the office. Files that were not assigned within four weeks belong primarily to clients who had asked for intake and authorization forms to be mailed and had not returned the information within the four week period.

Twenty-two percent of claimants were contacted by the claimant adviser within one week of the file being assigned. The CAO recognizes that improvement is required to meet this performance target. Steps have been implemented to perform file quality checks to ensure written communication occurs with appellants within one week of the file being assigned.

Twenty percent of the indexed files received in 2006/2007 were reviewed within the two week performance target. Claimant advisers were working on a backlog of files that accumulated during the first year of operations in 2005/2006 in addition to new files opened in 2006/2007 which created challenges in achieving the performance target. The CAO will continue to monitor the time required to review indexed files.

The final performance measure requires claimant advisers to seek an appeal date within six months of receipt of the indexed file. In 2006/2007 claimant advisers requested appeal dates for 5% of files that fit this category. The CAO continues to work through a backlog of files that was created in the first year of operations which has hampered our ability to achieve this performance target. The CAO will continue to monitor this measure in 2007/2008.

The CAO was able to obtain ten new decisions from the Corporation and negotiated two appeal settlements agreements in 2006/2007. This effort has resulted in client satisfaction with the appeal process and the services provided by the Claimant Adviser Office. It has also removed appeal issue(s) from the appeal process, thereby reducing the workload for both the Commission and the MPIC Legal Department. The CAO anticipates resolving increased numbers of issues to the satisfaction of clients with an effective mediation process. This in turn will reduce the number of appeal files at the Commission and the appeal workload experienced by the Corporation.

Seventy-two files were closed in 2006/2007 by the CAO because the appellant withdrew the appeal after an analysis of the file showed that there was no evidence to support the appeal. The closing of those files had an

impact on clients, the Commission and the Corporation. A Claimant adviser met with each client, after a thorough and rigorous review and assessment of file evidence, case law and applicable legislation and regulations. They discussed the merits of the appeal, the perspective of the client, the provisions of the MPIC Act and Regulations and relevant case law. These discussions have led to closure for some clients, a better understanding of the MPI decisions and the provisions of the Act and Regulations, and satisfaction with the opinion provided by the claimant adviser. A withdrawal of an appeal results in a reduction in the workload for both the Commission and the MPIC Legal Department as neither has to prepare for, present, hear or decide the appeal.

The CAO receives calls from individuals which, for a variety of reasons, do not result in opening a file. Many of the calls are from MPIC claimants requesting assistance at the case management and internal review office level and are, consequently, outside of the mandate of the CAO. As the public becomes more familiar with the existence of the CAO, it is likely that such requests will increase. The CAO will monitor these calls and consider the most effective ways of informing the public of the services provided by the CAO.

8 (c) Claimant Adviser Office - Automobile Injury Compensation Appeals

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	250.8	4.00	246.2	4.6	
Other Expenditures	102.2		215.7	(113.5)	1
Total Sub-Appropriation	353.0	4.00	461.9	(108.9)	

1. *Under expenditure is due to reduction in the utilization of external professional services.*

Automobile Injury Compensation Appeal Commission

General

The Automobile Injury Compensation Appeal Commission ('the Commission'), now in its thirteenth full year of operation, is a specialist tribunal established under *The Manitoba Public Insurance Corporation Act* ("the Act") to deal with appeals of internal review decisions concerning benefits under the Personal Injury Protection Plan (PIPP) of Manitoba Public Insurance Corporation ('MPIC'), a "no-fault" insurance program.

The Commission has nine full-time staff comprising of a chief commissioner, two deputy chief commissioners, a director of appeals, two appeals officers, a secretary to the chief commissioner and two administrative assistants. In addition, there are sixteen part-time commissioners who sit on appeal panels on an as-required basis.

In 2006/2007 there were 209 appeals filed with the Commission respecting 211 MPIC internal review decisions. This compares with 231 appeals filed respecting 250 MPIC decisions in the 2005/2006 fiscal year. Most of the appeals heard during the 2006/2007 fiscal year relate to injuries sustained in prior years, some as early as 1994. As each year passes, many of the files increase in terms of the volume of documents and time required by the Commission to review the files. This is due in part to the fact that when injuries are relatively serious and the insurer's initial liability is not disputed, a claimant may be in receipt of income replacement, medical treatment or other coverage from MPIC for an extended period; in such cases it is only when the insurer decides to terminate benefits that the appeal process is initiated.

The Appeal Process

Rights of appeal are explained to claimants by MPIC in writing at each step of the claims process.

Decisions on claims are made initially by MPIC case managers. A claimant who is not satisfied with the decision of a case manager has 60 days to appeal the decision to an MPIC internal review officer who will decide the appeal and issue a written decision with reasons for the decision.

If a claimant is not satisfied with the MPIC internal review decision a further appeal may be made to the Commission by filing a Notice of Appeal. An appeal to the Commission must be filed within 90 days of the date a claimant receives the internal review decision. An extension for filing an appeal may be granted by the Commission if the claimant provides a reasonable explanation for missing the 90 day filing deadline.

After receiving a Notice of Appeal the Commission obtains the appellant's complete file from MPIC. The file is reviewed and an "indexed file" of all relevant documents is created. The indexed file is provided to the appellant or the appellant's representative and to MPIC and, once both parties have had an opportunity to review the indexed file and submit any further documents they feel are relevant to the appeal, a date is set for the hearing of the appeal.

Prior to 2005/2006, appeal hearings were conducted by panels of three commissioners, however, the Act was amended in 2005 to allow appeals to be heard by either a single commissioner or a panel of three commissioners in order to provide greater flexibility and allow the Commission to deal more efficiently and expeditiously with some appeals.

In 2006/2007 the Commission held 90 hearings and 47 pre-hearing meetings as compared to 85 hearings and 19 pre-hearings in 2005/2006. A significant factor in the increase of pre-hearings in 2006/2007 was that some appeals required further case management by a commissioner for various reasons such as to determine the status of the appeal, or whether there is any reason why the Commission should not schedule a hearing date. The result of pre-hearings significantly reduced the number of appeal hearings that were to be determined on the merits. Appellants were successful in whole or in part in 26% of the appeals heard by the Commission during 2006/2007.

The Commission hearings are informal in that the Commission is not strictly bound by the rules of evidence followed by the courts. In a majority of cases appellants do not have legal representation, although the availability of the Claimant Adviser Office means that more appellants now have the advantage of being represented at appeal hearings. Where feasible, the Commission will travel outside of Winnipeg to conduct a hearing or, if it is appropriate and of benefit to an appellant who lives or works elsewhere, a hearing may be conducted by teleconference.

Appellants and MPIC may call witnesses to testify and may also bring forward new evidence at appeal hearings. The Commission does have hearing guidelines which call for an appellant or MPIC to provide the Commission and the other party with disclosure and advance notice of any witnesses to be called or additional documented evidence to be presented at a hearing.

The commissioner(s) hearing an appeal weigh the evidence and the submissions of both the appellant and MPIC and, at the conclusion of a hearing, may issue a decision immediately or reserve their decision in order to consider the matter further before rendering a decision. Under the Act the Commission is given certain defined powers with respect to an appeal, and following an appeal hearing the Commission may:

(a) confirm, vary or rescind MPI's review decision; or
(b) make any decision that MPI could have made.

The Commission issues written decisions and provides written reasons for the decisions. The decisions and reasons are sent to the appellants and to MPIC. A delay in issuing decisions may occur when the commissioners find it necessary to seek further independent expert evidence, in which case that evidence is promptly shared with both parties and they are given an opportunity to respond before the Commission's decision is finalized.

All of the Commission's decisions and reasons are available for viewing at the Commission's office. The decisions are also available through QuickLaw, a commercial online information provider that maintains an electronic database of decisions rendered by courts and tribunals across the country.

A decision of the Commission is binding, subject only to a right of appeal to the Manitoba Court of Appeal on a point of law or a question of jurisdiction, and then only with leave of the court. There were five applications for leave to appeal in the 2006/2007 year. The Court of Appeal granted leave in one case, denied leave in two cases, reserved its decision in one case, adjourned sine die one case and has yet to hear one application. In the Commission's thirteen years of operation, the Court of Appeal has granted leave to appeal in a total of nine cases.

Performance Targets

The Commission strives to hear and decide appeals fairly, accurately and with reasonable expedition. With this in mind, the Commission has established the following performance targets:

- Preparation of the indexed file of material to be used at the hearing within five weeks after receipt of MPIC's file and all other additional material.
- Hearings are scheduled within 6 – 8 weeks from the time the parties notify the Commission of their readiness to proceed.
- Written decisions are rendered within 6 weeks following the hearing and receipt of all required information.

The Commission continues to experience a consistent volume of appeals filed resulting in the following average turnaround times for 2006/2007: 40-49 weeks to prepare the indexed file and 7 weeks from the time the parties are ready to proceed to a hearing and the actual hearing date. The Commission recognizes the preparation of the indexed file does not meet its performance targets. This is due to a staff turnover over the last two years which has impacted the number of files the Commission was able to process. As well, with the influx of time, the number of issues has increased in respect of each individual appeal. The Commission is attempting to address the backlog by hiring additional temporary staff to assist with the backlog of indexing. This has resulted in a reduction of the number of files waiting indexing. The average turnaround time from the date a hearing concluded to the date the Commission issues an appeal decision was 4 weeks in 2006/2007.

8 (f) Automobile Injury Compensation Appeal Commission

Expenditures by Sub-Appropriation	Actual 2006-2007 ($000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 ($000s)	Variance Over/(Under) ($000s)	Expl. No.
Salaries and Employee Benefits	722.0	9.00	779.3	(57.3)	
Other Expenditures	288.5		283.3	5.2	
Total Sub-Appropriation	**1,010.5**	**9.00**	**1,062.6**	**(52.1)**	

Residential Tenancies Commission

The Residential Tenancies Commission is a quasi-judicial, specialist tribunal that hears appeals from decisions and orders of the Director under *The Residential Tenancies Act.*

The Residential Tenancies Commission consists of:

- The Chief Commissioner - a full-time position; appointed for up to a five-year term, located in Winnipeg.
- Deputy Commissioners – sixteen part-time positions; may exercise the powers and perform the duties of the Chief Commissioner; appointed for a two-year term; from Winnipeg, Brandon and Thompson.
- Panel members - thirty-nine panel members – approximately half representing the views of the landlords, the others the views of the tenants; from Winnipeg, The Pas, Thompson and Brandon.

Hearings are before a panel of three consisting of one landlord representative, one tenant representative and a neutral commissioner which is either the Chief Commissioner or one of the deputies. Hearings are chaired by the neutral commissioner. The neutral commissioner also casts the deciding vote if there is a tie. Hearings outside of Winnipeg are held at the nearest judicial district.

The Residential Tenancies Commission decisions can be appealed to the Court of Appeal, but only on a question of law or jurisdiction. A Court of Appeal judge must grant leave or permission to appeal. Section 179 of *The Residential Tenancies Act* dealing with rent regulation states that *"No appeal lies from a decision or order of the commission made in a matter arising under Part 9."* The Residential Tenancies Commission's decision here is final.

ACTIVITY SUMMARY
April 1, 2006 – March 31, 2007

	Received	Processed
Activity		
Abandonment	0	0
Claim For Security Deposit or Less	61	55
Disputes	0	1
Enforcement	0	1
Hearings	318	374
Repairs	14	13
Utilities	2	43
Rent Regulation	104	120
Total	**499**	**607**

Appeals [1]		
Landlord initiated		167
Tenant initiated		225
Other Party initiated		2
Multiple Party initiated		105
Total		**499**

Decisions [2]		
Orders upheld		256
Orders varied		172
Orders rescinded/overturned		59
Orders withdrawn/settled		102
Orders cancelled		12
Orders denied		6
Total		**607**

1. *Total Appeals represents the number of Appeals received within the fiscal period.*
2. *Total Decisions represents the number of Appeals processed, Orders issued and files closed within the fiscal period.*

ACTIVITY SUMMARY April 1, 2006 – March 31, 2007		
	Received	Processed
Winnipeg Appeal Hearings		446
Other Appeal Hearings:		
Beausejour		1
Brandon		18
Dauphin		1
Flin Flon		0
Morden		0
Portage la Prairie		2
Selkirk		1
Steinbach		3
The Pas		0
Thompson		4
Virden		1
Total Winnipeg and Other Appeal Hearings [1]		477
Court of Appeal		
Applications for Leave to Appeal	25	
Denied		23
Pending		1
Granted		0
New Commission Hearing to be held		-
Adjourned Sine Die		-
Withdrawn		4
Settled		-
Abandoned		2
Court of Appeal Hearings		
Pending		-

1. *Total Appeal Hearings represents the actual number of hearings which took place within the fiscal period.*

8 (g) Residential Tenancies Commission

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	611.7	7.50	632.1	(20.4)	
Other Expenditures	214.3		221.8	(7.5)	
Total Sub-Appropriation	**826.0**	**7.50**	**853.9**	**(27.9)**	

CAPITAL INVESTMENT

Capital investment is provided in the Estimates of Expenditures under Part B. For the year ended March 31, 2007, the department's capital authority provided for renovations associated with the Residential Tenancies Branch (RTB) Re-engineering project and the upgrade of the existing Integrated Taxation System. Support for internal reform initiatives involving the use of information technology in the delivery of government's services are reported separately.

Part B Capital Investment

Expenditures by Sub-Appropriation	Actual 2006-2007 $(000s)	Estimate 2006-2007 FTEs	Estimate 2006-2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Finance	2,671.9		3,554.2	(882.3)	1
Total Sub-Appropriation	2,671.9		3,554.2	(882.3)	

1. *Under expenditure is due to deferred renovations associated with the RTB Re-engineering project and part-year development of the Taxpayer On-Line module of the Integrated Taxation System upgrade.*

SUSTAINABLE DEVELOPMENT

The department is committed to the Principles and Guidelines set out in *The Sustainable Development Act* and works to incorporate them in department activities, programs and business practices.

The following activities continued throughout 2006/2007:

- A Planning Committee, with department-wide representation, continued its efforts to identify opportunities for the department to contribute to the sustainable development initiative;
- The department maintained its sustainable development homepage on the *Intranet* as a department link to *The Sustainable Development Act* and the Green Procurement page of the Procurement Services Branch, Manitoba Transportation and Government Services;
- "Green" products and recycled materials continue to be purchased where available including the purchase of recycled copy paper;
- The department continued the recycling of various materials; and
- Departmental staff assigned fleet vehicles continue to use ethanol-blended gasoline where available.

Part A - Operating Expenditure
Department of Finance
Reconciliation Statement
($000s)

Details	2006-2007 Estimate
2006-2007 Main Estimates	$384,009.1
Transfer of functions to:	
Intergovernmental Affairs and Trade	(1,250.1)
Allocation of Funds from:	
Enabling Appropriations	650.0
2006-2007 Estimate	**$383,409.0**

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year ($000s)

Estimate 2006-2007		Appropriation	Actual 2006-2007	Actual 2005-2006	Increase (Decrease)	Explanation Number
	07- 1	ADMINISTRATION AND FINANCE				
30.4	(a)	Minister's Salary	30.3	29.7	0.6	
	(b)	Executive Support				
457.5		Salaries and Employee Benefits	430.8	415.1	15.7	
90.7		Other Expenditures	95.7	100.4	(4.7)	
	(c)	Financial and Administrative Services				
435.3		Salaries and Employee Benefits	351.4	392.1	(40.7)	
75.9		Other Expenditures	48.5	52.3	(3.8)	
18.1	(d)	Tax Appeals Commission	17.4	17.1	0.3	
	(e)	French Language Services Secretariat				
621.9		Salaries and Employee Benefits	570.5	564.0	6.5	
511.0		Other Expenditures	403.5	350.5	53.0	
	(f)	Human Resource Services				
547.8		Salaries and Employee Benefits	570.7	544.8	25.9	
80.0		Other Expenditures	41.6	23.8	17.8	1
	(g)	Independent Administrator	13.7		13.7	2
2,868.6		Subtotal 07- 1	2,574.1	2,489.8	84.3	
	07- 2	TREASURY				
	(a)	Administration				
118.0		Salaries and Employee Benefits	118.8	116.9	1.9	
98.9		Other Expenditures	127.2	83.6	43.6	3
	(b)	Capital Markets				
596.9		Salaries and Employee Benefits	504.0	508.7	(4.7)	
53.3		Other Expenditures	34.7	48.1	(13.4)	
	(c)	Treasury and Banking Operations				
852.6		Salaries and Employee Benefits	795.8	775.6	20.2	
106.7		Other Expenditures	160.6	90.8	69.8	4
1,826.4		Subtotal 07- 2	1,741.1	1,623.7	117.4	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year ($000s)

Estimate 2006-2007		Appropriation	Actual 2006-2007	Actual 2005-2006	Increase (Decrease)	Explanation Number
	07- 3	COMPTROLLER				
	(a)	Comptroller's Office				
406.2		Salaries and Employee Benefits	303.1	330.2	(27.1)	
48.2		Other Expenditures	51.9	96.5	(44.6)	5
	(b)	Information Technology Services				
659.7		Salaries and Employee Benefits	514.1	578.1	(64.0)	
95.4		Other Expenditures	68.7	72.7	(4.0)	
(226.2)		Less: Recoverable from Part B - Capital Investment	(231.9)		(231.9)	6
	(c)	Disbursements and Accounting				
2,708.0		Salaries and Employee Benefits	2,198.2	2,073.1	125.1	
896.5		Other Expenditures	1,149.7	1,193.6	(43.9)	
(510.0)		Less: Recoverable from Other Appropriations	(510.1)	(520.1)	10.0	
	(d)	Internal Audit and Consulting Services				
1,854.6		Salaries and Employee Benefits	1,894.7	1,603.7	91.0	
199.8		Other Expenditures	353.7	174.8	178.9	7
6,132.2		Subtotal 07- 3	5,592.1	5,602.6	(10.5)	
	07- 4	TAXATION				
	(a)	Management and Research				
1,316.9		Salaries and Employee Benefits	1,290.4	1,306.7	(16.3)	
168.7		Other Expenditures	170.7	162.5	8.2	
	(b)	Taxation Administration				
3,573.6		Salaries and Employee Benefits	3,439.9	3,326.7	113.2	
3,141.5		Other Expenditures	2,466.9	4,093.9	(1,627.0)	8
	(c)	Audit				
5,956.6		Salaries and Employee Benefits	5,639.5	5,470.1	169.4	
1,056.0		Other Expenditures	1,110.3	852.4	257.9	9
	(d)	Tobacco Interdiction				
624.0		Salaries and Employee Benefits	404.1	424.8	(20.7)	
251.5		Other Expenditures	198.1	197.7	0.4	
16,088.8		Subtotal 07- 4	14,719.9	15,834.8	(1,114.9)	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year ($000s)

Estimate 2006-2007		Appropriation	Actual 2006-2007	Actual 2005-2006	Increase (Decrease)	Explanation Number
	07-5	FEDERAL-PROVINCIAL RELATIONS AND RESEARCH				
	(a)	Economic and Federal-Provincial Research				
1,643.3		Salaries and Employee Benefits	1,668.4	1,507.1	161.3	
1,164.6		Other Expenditures	994.1	1,197.9	(203.8)	10
	(b)	Manitoba Tax Assistance Office				
358.5		Salaries and Employee Benefits	342.0	331.6	10.4	
131.0		Other Expenditures	106.0	89.3	16.7	
3,297.4		Subtotal 07-5	3,110.5	3,125.9	(15.4)	
	07-6	INSURANCE AND RISK MANAGEMENT				
350.2	(a)	Salaries and Employee Benefits	353.9	342.7	11.2	
61.0	(b)	Other Expenditures	51.3	51.7	(0.4)	
3,711.0	(c)	Insurance Premiums	2,129.1	2,172.2	(43.1)	
(3,711.0)	(d)	Less: Recoverable from Other Appropriations	(2,129.1)	(2,172.2)	43.1	
411.2		Subtotal 07-6	405.2	394.4	10.8	
	07-7	TREASURY BOARD SECRETARIAT				
5,198.4	(a)	Salaries and Employee Benefits	4,591.9	4,570.1	21.8	
817.6	(b)	Other Expenditures	967.3	920.1	47.2	
6,016.0		Subtotal 07-7	5,559.2	5,490.2	69.0	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year ($000s)

Estimate 2006-2007		Appropriation	Actual 2006-2007	Actual 2005-2006	Increase (Decrease)	Explanation Number
	07- 8	CONSUMER AND CORPORATE AFFAIRS				
	(a)	Administration and Research				
913.4		Salaries and Employee Benefits	771.1	809.2	(38.1)	
240.5		Other Expenditures	243.7	235.9	7.8	
(228.8)		Less: Recoverable from Other Appropriations	(210.0)	(210.0)	-	
	(b)	Consumers' Bureau				
1,057.8		Salaries and Employee Benefits	1,009.1	902.6	106.5	
262.5		Other Expenditures	264.8	207.2	57.6	11
88.7		Grants	99.8	88.7	11.1	
	(c)	Residential Tenancies Branch				
3,804.0		Salaries and Employee Benefits	3,533.8	3,077.3	456.5	
926.6		Other Expenditures	803.4	685.4	118.0	
	(d)	Financial Institutions Regulation				
731.5		Salaries and Employee Benefits	709.8	670.8	39.0	
261.2		Other Expenditures	181.1	174.2	6.9	
	(e)	Claimant Adviser Office - Automobile Injury Compensation Appeals				
246.2		Salaries and Employee Benefits	250.8	242.8	8.0	
215.7		Other Expenditures	102.2	220.8	(118.6)	
	(f)	Automobile Injury Compensation Appeal Commission				
779.3		Salaries and Employee Benefits	722.0	636.3	85.7	
283.3		Other Expenditures	288.5	327.1	(38.6)	
	(g)	Residential Tenancies Commission				
632.1		Salaries and Employee Benefits	611.7	506.9	104.8	12
221.8		Other Expenditures	214.3	120.9	93.4	13
10,435.8		Subtotal 07- 8	9,596.1	8,696.1	900.0	

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year ($000s)

Estimate 2006-2007		Appropriation	Actual 2006-2007	Actual 2005-2006	Increase (Decrease)	Explanation Number
	07- 9	COSTS RELATED TO CAPITAL ASSETS				
	(a)	Desktop Services				
101.5		Amortization Expense - Transition	101.4	101.4	-	
189.2		Enterprise Software Licences	188.5	201.1	(12.6)	
2,426.2	(b)	Amortization Expense	2,383.2	2,254.6	128.6	
1,479.3	(c)	Interest Expense	1,453.4	1,492.6	(39.2)	
4,196.2		Subtotal 07- 9	4,126.5	4,049.7	76.8	
	07-10	NET TAX CREDIT PAYMENTS				
184,301.0		Education Property Tax Credit	183,237.3	181,061.2	2,176.1	
48,245.8		Personal Tax Credit	46,348.2	48,483.4	(2,135.2)	
2,601.0		School Tax Assistance for Tenants and Homeowners (55+)	2,170.2	2,457.1	(286.9)	
831.6		Political Contribution Tax Credit	624.9	1,181.9	(557.0)	
75.0		Riparian Property Tax Reduction	14.1	5.6	8.5	
984.0		Federal Administration Fee	974.1	985.4	(11.3)	
		Less: Recoverable from Education, Citizenship and Youth:				
(184,301.0)		Education Property Tax Credit	(183,237.3)	(181,061.2)	(2,176.1)	
(2,601.0)		School Tax Assistance for Tenants and Homeowners (55+)	(2,170.2)	(2,457.1)	286.9	
50,136.4		Subtotal 07-10	47,961.3	50,656.3	(2,695.0)	14

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year ($000s)

Estimate 2006-2007		Appropriation	Actual 2006-2007	Actual 2005-2006	Increase (Decrease)	Explanation Number
	07-11	PUBLIC DEBT				
	(a)	Interest on:				
1,113,303.2		the Public Debt of Manitoba and related expenses	1,122,487.2	1,105,025.2	17,462.0	
91,783.4		departments' capital assets	89,557.5	86,198.2	3,359.3	
47,000.0		Trust and Special Funds	56,654.0	44,030.4	12,623.6	
	(b)	Less: Interest and Other Charges to be received from:				
(189,942.3)		Sinking Fund Investments	(196,053.2)	(204,576.0)	8,522.8	
(530,517.3)		Manitoba Hydro	(538,287.4)	(535,152.3)	(3,135.1)	
(28,280.6)		Manitoba Housing and Renewal Corporation	(28,361.5)	(28,999.8)	638.3	
(20,008.7)		Manitoba Agricultural Credit Corporation	(19,546.9)	(20,335.3)	788.4	
(11,347.3)		Other Government Agencies	(14,921.5)	(11,454.7)	(3,466.8)	
(98,207.0)		Other Loans and Investments	(121,731.6)	(88,740.9)	(32,990.7)	
(91,783.4)		Other Appropriations	(89,557.5)	(86,198.2)	(3,359.3)	
282,000.0		Subtotal 07-11	260,239.1	259,796.6	442.5	
383,409.0		Total Expenditures	355,625.1	357,760.1	(2,135.0)	

Manitoba Finance

Expenditure Variance Explanations

for expenditures for the fiscal year ended March 31, 2007 as compared to figures for the previous fiscal year

Explanation Number:

1. Increase is primarily due to equipment replacement and adjustment for annual office accommodation costs.
2. Increase is due to the establishment of the Independent Administrator.
3. Increase is due to is primarily due to relocation of the Treasury Division.
4. Increase is due to consulting contract costs to address outstanding 2005 recommendations by the Office of the Auditor General in its report on Derivative Financial Instruments.
5. Decrease is primarily due to office renovations undertaken in 2005/2006.
6. Increase in recovery reflects the transfer to Part B –Capital Investment of the applicable portion of salaries and benefits dedicated to the upgrade of the integrated taxation system.
7. Increase is due to office renovations, refurbishment and workstation upgrade.
8. Decrease is due a reduction in the provision for doubtful accounts for taxation receivables deemed uncollectible.
9. Increase is primarily due to the relocation of the Brandon office and additional computer related costs necessary for GenTax.Net upgrade testing.
10. Decrease is primarily due to a reduction in the TONI administration fee and the 2007 budget preparation costs that were deferred to the 2007/2008 fiscal year.
11. Increase is due to the costs associated with the Pay Day Loans and Cheque Cashing initiatives.
12. Increase is primarily due to reduced vacancies and increased hearings conducted in 2006/2007.
13. Increase is primarily due to relocation of the Residential Tenancies Commission.
14. Net decrease is primarily due to the reduction in eligibility requirements and decrease in Political Contribution Tax Credit as a result of election cycles.

Revenue Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year ($000s)

Actual 2005-2006	Actual 2006-2007	Increase (Decrease)		Source	Actual 2006-2007	Estimate 2006-2007	Variance	Expl. No.
				TAXATION				
1,948,853.9	2,130,492.8	181,638.9	a	Individual Income Tax	2,130,492.8	2,004,200.0	126,292.8	1
373,568.7	310,586.6	(62,982.1)	b	Corporation Income Tax	310,586.6	396,100.0	(85,513.4)	2
132,166.7	156,133.8	23,967.1	c	Corporation Capital Tax	156,133.8	174,600.0	(18,466.2)	3
152,466.1	154,052.3	1,586.2	d	Gasoline Tax	154,052.3	155,300.0	(1,247.7)	
60,895.4	61,376.8	481.4	e	Insurance Corporations Tax	61,376.8	59,500.0	1,876.8	
30,947.6	38,196.5	7,248.9	f	Land Transfer Tax	38,196.5	32,600.0	5,596.5	4
303,055.3	317,654.1	14,598.8	g	Levy for Health and Education	317,654.1	312,100.0	5,554.1	5
2.6	2.6	0.0		Succession Duty and Gift Tax	2.6	0.0	2.6	
71.1	71.1	0.0	h	Mining Claim Lease Tax	71.1	72.0	(0.9)	
39,191.6	96,369.2	57,177.6	i	Mining Tax	96,369.2	41,000.0	55,369.2	6
83,538.8	86,737.5	3,198.7	j	Motive Fuel Tax	86,737.5	80,500.0	6,237.5	7
1,197,452.3	1,276,970.8	79,518.5	k	Retail Sales Tax	1,276,970.8	1,244,100.0	32,870.8	8
82,971.3	79,541.8	(3,429.5)	l	Tax Administration and Miscellaneous Taxes Act	79,541.8	82,200.0	(2,658.2)	9
191,637.4	201,576.3	9,938.9	m	Tobacco Tax	201,576.3	195,000.0	6,576.3	10
3,295.9	3,369.4	73.5	n	Environmental Protection Tax	3,369.4	3,200.0	169.4	
4,600,114.7	4,913,131.6	313,016.9		Subtotal	4,913,131.6	4,780,472.0	132,659.6	
				OTHER REVENUE				
1,094.3	1,119.9	25.6	a	Automobile Injury Appeals Commission Cost Recovery	1,119.9	1,142.3	(22.4)	
496.2	476.5	(19.7)	b	Claimant Adviser Office Cost Recovery	476.5	496.5	(20.0)	
1,613.1	1,766.4	153.3	c	Consumer Affairs Fees	1,766.4	1,994.9	(228.5)	11
995.2	1,017.9	22.7	d	Insurance Act Fees and Cost Recovery	1,017.9	986.7	31.2	
9,297.3	5,745.7	(3,551.6)	e	Recovery of Prior Years' Expenditures	5,745.7	3,000.0	2,745.7	12
281.1	253.8	(27.3)	f	Trust and Loan Fees	253.8	245.0	8.8	
19,636.4	880.9	(18,755.5)	g	Sundry	880.9	597.0	283.9	13
33,413.6	11,261.1	(22,152.5)		Subtotal	11,261.1	8,462.4	2,798.7	
				GOVERNMENT OF CANADA				
1,601,018.0	1,709,430.0	108,412.0	a	Equalization	1,709,430.0	1,690,300.0	19,130.0	14
48,900.0	48,911.3	11.3	b	Bill C-48	48,911.3	0.0	48,911.3	15
733,313.4	773,090.3	39,776.9	c	Canada Health Transfer (CHT)	773,090.3	765,300.0	7,790.3	16
324,551.6	335,420.7	10,869.1	d	Canada Social Transfer (CST)	335,420.7	369,060.0	(33,639.3)	17
2,283.7	2,284.0	0.3	e	Government of Canada Subsidy	2,284.0	2,200.0	84.0	
2,710,066.7	2,869,136.3	159,069.6		Subtotal	2,869,136.3	2,826,860.0	42,276.3	
7,343,595.0	7,793,529.0	449,934.0		Total	7,793,529.0	7,615,794.4	177,734.6	

Manitoba Finance

Revenue Variance Explanations
for the fiscal year ended March 31, 2007

EXPLANATION NUMBER:

1. **Individual Income Tax:** $181,638.9 over 2005/2006 Actual
$126,292.8 over 2006/2007 Estimate

Total Individual Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

Increase reflects a change in the prior year's adjustment consistent with revised data provided by Federal Finance in the Final Determination of Payments and an increase in in-year entitlements due to an increase in national taxable income.

2. **Corporation Income Tax:** $62,982.1 under 2005/2006 Actual
$85,513.4 under 2006/2007 Estimate

Total Corporation Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

Decrease is due to a decline in provincial share of national corporate taxable income as well as negative prior years' adjustments.

3. **Corporation Capital Tax:** $23,967.1 over 2005/2006 Actual
$18,466.2 under 2006/2007 Estimate

Increase from 2005/2006 is due to recording of excess instalments at year-end. Decrease from 2006/2007 estimate is due the timing of recording of instalments at fiscal year-end.

4. **Land Transfer Tax:** $7,248.9 over 2005/2006 Actual
$5,596.5 over 2006/2007 Estimate

Increase is due to stronger than anticipated real estate market and the higher price of properties sold.

Manitoba Finance

Revenue Variance Explanations
for the fiscal year ended March 31, 2007

EXPLANATION NUMBER:

5. **Levy for Health and Education:** $14,598.8 over 2005/2006 Actual
$5,554.1 over 2006/2007 Estimate

Increase is due to increased employment levels and wage settlements.

6. **Mining Tax:** $57,177.6 over 2005/2006 Actual
$55,369.2 over 2006/2007 Estimate

Increase is due to high commodity prices and increased mineral extraction.

7. **Motive Fuel Tax:** $3,198.7 over 2005/2006 Actual
$6,237.5 over 2006/2007 Estimate

Increase is due to higher consumption in the trucking and construction industries resulting from increased economic activity.

8. **Retail Sales Tax:** $79,518.5 over 2005/2006 Actual
$32,870.8 over 2006/2007 Estimate

Increase reflects strong economic growth particularly in the construction sector.

9. **Tax Administration and Miscellaneous Taxes Act:**
$3,429.5 under 2005/2006 Actual
$2,658.2 under 2006/2007 Estimate

Decrease is due to lower natural gas rates.

10. **Tobacco Tax:** $9,938.9 over 2005/2006 Actual
$6,576.3 over 2006/2007 Estimate

Increase is due to the impact of regulation changes limiting refunds to retailers on reserves selling tax-exempt tobacco.

Revenue Variance Explanations
for the fiscal year ended March 31, 2007

EXPLANATION NUMBER:

11. **Consumer Affairs Fees:** $153.3 over 2005/2006 Actual
$228.5 under 2006/2007 Estimate

Increase from 2005/2006 actual reflects an increase in Bedding and Upholstery fee revenue. Decrease from 2006/2007 estimate is due to delays in implementation the Pay Day and Residential Tenancies Branch Rehabilitation programs offset in part by the increase in Bedding and Upholstery fees.

12. **Recovery of Prior Years' Expenditures:** $3,551.6 under 2005/2006 Actual
$2,745.7 over 2006/2007 Estimate

This account reflects the recognition, in the current year, of revenue arising from the credit adjustment to expenditures made in a prior year for all government departments. Prior year credit adjustments are accounted for on a prospective basis -- that is, they are recognized as revenue in the year the adjustment becomes known and is measurable.

Decrease from 2005/2006 actual reflects adjustments in 2005/2006 for prior year expenditure accruals such as prior year flood expenditures. The increase from the estimate is due to adjustments for prior year accruals that include a provision for the Tax on Net Income implementation fee, the redeposit of numerous stale-dated cheques and other miscellaneous refunds.

13. **Sundry:** $18,755.5 under 2005/2006 Actual
$283.9 over 2006/2007 Estimate

Decrease from 2005/2006 actual is essentially due to an adjustment in 2005/2006 for the prior year revenue accrual balance ($18.8 million) for the Provincial Municipal Tax Sharing Payments that was replaced by the Building Manitoba Fund (an expenditure program) in 2006/2007.

14. **Equalization:** $108,412.0 over 2005/2006 Actual
$19,130.0 over 2006/2007 Estimate

Increase from 2005/2006 actual is due to an increase in funding provided for in the legislated framework for Equalization (resulting from the First Ministers' Meeting on Equalization in October 2004). Increase from the 2006/2007 estimate is due to federal revisions to economic and fiscal data used to determine provincial entitlements in 2006/2007

Revenue Variance Explanations
for the fiscal year ended March 31, 2007

EXPLANATION NUMBER:

15. **Bill C-48:** $48,911.3 over 2006/2007 Estimate

Increase from 2006/2007 estimate is due to one-time federal funding for post-secondary education and affordable housing announced in the 2006 Federal Budget after the 2006 Manitoba Budget had been tabled. One-half of Bill C-48 funds was recorded as revenue in 2005/2006 and one-half as revenue in 2006/2007.

16. **Canada Health Transfer (CHT):** $39,776.9 over 2005/2006 Actual
$7,790.3 over 2006/2007 Estimate

Increase from 2005/2006 actual is a result of a higher entitlements in 2006/2007 provided by the 10-Year Plan to Strengthen Health Care agreed to at the October 2004 First Ministers' Meeting. Increase from 2006/2007 estimate reflects prior-year adjustments and revisions to the data inputs (population, Basic Federal Tax and Corporate Taxable Income) used to derive provincial CHT entitlements.

17. **Canada Social Transfer (CST):** $10,869.1 over 2005/2006 Actual
$33,639.3 under 2006/2007 Estimate

CST cash levels in support of social services and post-secondary education are set in legislation. Increase from 2005/2006 actual is a result of higher federal funding in 2006/2007. Decrease from the 2006/2007 estimate is due to lower than anticipated resolution to the fiscal imbalance at the federal, provincial and territorial level, prior-year adjustments and revisions to the data inputs (population, Basic Federal Tax and Corporate Taxable Income) used to derive provincial CST entitlements

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 2003 to March 31, 2007 *

	Main Appropriation	2002-2003 FTEs	2002-2003 $000s	2003-2004 FTEs	2003-2004 $000s	2004-2005 FTEs	2004-2005 $000s	2005-2006 FTEs	2005-2006 $000s	2006-2007 FTEs	2006-2007 $000s
07-1	Administration and Finance	33.00	2,178.0	33.00	2,349.6	33.00	2,532.8	34.00	2,489.8	35.00	2,574.1
07-2	Treasury	25.00	1,563.5	25.00	1,676.9	25.00	1,599.2	25.00	1,623.7	25.00	1,741.1
07-3	Comptroller	69.75	4,816.5	69.75	4,993.3	69.75	5,398.4	72.75	5,602.6	75.75	5,592.1
07-4	Taxation	195.92	20,749.4	195.92	17,505.5	194.50	14,500.9	192.50	15,834.8	194.50	14,719.9
07-5	Federal-Provincial Relations and Research	29.25	3,113.3	29.25	3,030.1	29.25	2,889.7	28.25	3,125.9	28.25	3,110.5
07-6	Insurance and Risk Management	5.20	362.4	5.20	397.3	5.20	364.6	5.20	394.4	5.20	405.2
07-7	Treasury Board Secretariat	66.00	4,667.4	66.00	5,035.2	65.00	5,2[illegible]	63.00	5,490.2	64.00	5,559.2
07-8	Consumer and Corporate Affairs	111.78	7,321.7	114.78	7,707.3	116.78	8,174.9	119.28	8,696.1	119.28	9,596.1
07-9	Costs Related to Capital Assets		2,414.5		3,941.0		4,171.2		4,049.7		4,126.5
Total Departmental Operating Appropriations		535.90	47,186.7	538.90	46,636.2	538.48	44,858.6	539.98	47,307.2	546.98	47,424.7
07-10	Net Tax Credit Payments		50,671.3		48,867.2		51,088.5		50,656.3		47,961.3
07-11	Public Debt (Statutory)		321,419.3		251,165.4		240,542.3		259,796.6		260,239.1
Total Appropriations		535.90	419,277.3	538.90	346,668.8	538.48	336,489.4	539.98	357,760.1	546.98	355,625.1

* Actual expenditures have been adjusted for comparative purposes. Adjustments are for: i) the transfers in 2003/2004 of Human Resource Services from Transportation and Government Services and from Education, Citizenship and Youth, and Legislative Building Information Systems and Enterprise System Management to Energy, Science and Technology, ii) transfer in 2005/2006 to Energy, Science and Technology of Financial Systems Support and Information Technology restructuring and iii) the transfer in 2006/2007 of the Public Utilities Board to Intergovernment Affairs and Trade. Public Debt actual expenditures for 2003/2004 have been adjusted for the allocation of interest related to the capitalization of infrastructure assets.

PERFORMANCE REPORTING

The following section provides information on key performance measures for the department for the 2006/2007 reporting year. This is the second year in which all Government of Manitoba departments have included a Performance Measurement section, in a standardized format, in their Annual Reports. That process was begun in 2005 with the release of the document, *Reporting to Manitobans on Performance, 2005 Discussion Document*, which can be found at www.gov.mb.ca/finance/mbperformance.

Performance indicators in departmental Annual Reports are intended to complement financial results and provide Manitobans with meaningful and useful information about government activities, and their impact on the province and its citizens.

Your comments on performance measures are valuable to us. You can send comments or questions to mbperformance@gov.mb.ca.

What is being measured and using what indicator?	Why is it important to measure this?	Where are we starting from (baseline measurement)?	What is the 2006/2007 result or most recent available data?	What is the trend over time?	Comments/recent actions/report links
Collection rate of statutory taxation revenues (excluding personal and corporate income taxes) owing to the province by comparing revenue amounts collected to amounts owing.	The effectiveness of these activities is directly related to the protection of provincial revenues in the face of technological change in the marketplace and increasingly aggressive tax planning by business and tax professionals.	99.8% of amounts owing to the province were collected in 2005/2006.	99.9% of amounts owing to the province were collected in 2006/2007.	The department strives to continually enhance collection enforcement legislation and processes which should result in the write off percentage remaining relatively consistent at this level over time.	Collection rate of statutory taxation revenues (excluding personal and corporate income taxes) owing to the province by comparing revenue amounts collected to amounts owing.

What is being measured and using what indicator?	Why is it important to measure this?	Where are we starting from (baseline measurement)?	What is the 2006/2007 result or most recent available data?	What is the trend over time?	Comments/recent actions/report links
The effective management of public debt by measuring the net cost of servicing the general government program borrowings as a percentage of provincial revenue.	To provide a measure of the efficiency of public debt management program as well as an indicator whether the province has more to spend on operations as opposed to debt servicing costs.	The province's net cost of servicing the general government program borrowings as a percent of provincial revenue as at March 31, 2004 is 4.2%.	The province's net cost of servicing the general government program borrowings as a percent of provincial revenue as at March 31, 2007 is 2.9%.	Decreasing. Manitoba continues to effectively manage and realize its long-term goals to reduce its debt and debt servicing costs to provincial revenue ratio.	Active monitoring of global financial markets and prudent financial risk management strategies are pursued on an ongoing basis to manage volatility and costs.
The province's ability to borrow at a cost-effective rate by examining the credit rating for the province.	This measure is a key independent, third-party assessment of the province's credit-worthiness and is an important consideration for investors in Manitoba government bonds and other securities.	Ratings as at March 31, 2002 are: • Aa3 (Stable) Moody's Investors Service • AA- (Stable) Standard & Poor's • A (Stable) Dominion Bond Rating Service	Ratings as at March 31, 2007 are: • Aa1 (Stable) Moody's Investors Service • AA-(Positive) Standard & Poor's • A (High) (Stable) Dominion Bond Rating Service	Manitoba's credit profile continues to improve aided by solid fiscal results over the past few years, its prudent fiscal management and the declining net debt to GDP burden.	

What is being measured and using what indicator?	Why is it important to measure this?	Where are we starting from (baseline measurement)?	What is the 2006/2007 result or most recent available data?	What is the trend over time?	Comments/recent actions/report links
Client perceived fairness and effectiveness with decisions of the Residential Tenancies Branch as measured by the rate of appeals of decisions under the Residential Tenancies Act.	To ensure that the branch's hearing processes and decisions continue to be fair and effective.	4,327 orders were issued under Parts 1 – 8 of the Residential Tenancies Act (landlord and tenant disputes) in 2005/2006 of which 470 (11%) were appealed. Orders were issued for 469 cases under Part 9 of the Act (rent regulation matters) in 2005/2006 of which 98 (21%) were appealed.	4,190 orders were issued under Parts 1 – 8 of the Residential Tenancies Act (landlord and tenant disputes) in 2006/2007 of which 395 (9%) were appealed. Orders were issued for 530 cases under Part 9 of the Act (rent regulation matters) in 2006/2007 of which 104 (20%) were appealed.	While the 2006/2007 appeal rates for matters under Parts 1 - 8 and under Part 9 of the Residential Tenancies Act are 9% and 17% respectively, the appeal rates for these matters are traditionally 10% and 20% respectively.	